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Competition and Monopoly

PAUL M. SWEEZY

U.S. Workers and the U.S. Labor Movement

BRUCE NISSEN

The Mexican Volcano

JIM COCKCROFT and ROSS GANDY

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NOTES FROM THE EDITORS

This issue marks the 32nd anniversary of MONTHLY REVIEW. We now enter the 33rd year of publication. As on previous anniversaries we acknowledge with gratitude the loyal support of our readers without which it would have been impossible to maintain publication of a completely independent Marxist socialist periodical over such a long period of time and under difficult conditions.

Our mail in the last few months, since Reagan's election and even more since his inauguration, indicates a growing interest in the kind of economic and political analyses we have been trying to provide ("Are Low Savings Ruining the U.S. Economy?", December; "Reagan and the Nemesis of Inflation," January; "Supply-Side Economics," March). We intend to continue along the same general line because it seems to be meeting a felt need. (One left-wing trade union official wrote us a two-liner: "The March issue was marvellous—useful in my work.") But it would help us a lot if readers, particularly activists, would let us know as concretely as

(*Continued on inside back cover*)

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COMPETITION AND MONOPOLY

By Paul M. Sweezy

This will appear as an appendix to a chapter in *Four Lectures on Marxism,* a book based on lectures given at Hosei University, Tokyo, in 1979. It is scheduled for publication by MR Press in the fall of 1981.

—P.M.S.

In his *Principles of Political Economy* John Stuart Mill summed up the classical view of competition as follows:

> Political economists . . . are apt to express themselves as if they thought that competition actually does, in all cases, whatever it can be shown to be the tendency of competition to do. This is partly intelligible, if we consider that only through the principle of competition has political economy any pretension to the character of a science. So far as rents, profits, wages, prices, are determined by competition, laws may be assigned for them. Assume competition to be their exclusive regulator, and principles of broad generality and scientific precision may be laid down, according to which they will be regulated. The political economist justly deems this his proper business: and as an abstract or hypothetical science, political economy cannot be required to do, and indeed cannot do, anything more. (chapter 4, section 1)

Competition, in other words, does not determine the *content* of the laws of economics, but it does provide the pressures which constrain economic subjects (capitalists, workers, landlords, consumers, etc.) to act in ways that conform to these laws.

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Marx's view was basically the same, though he expressed it differently. The following passages from the *Grundrisse* are representative of his comments on competition:*

> Competition generally, this essential locomotive force of the bourgeois economy, does not establish its laws, but is rather their executor. Unlimited competition is therefore not the presupposition for the truth of the economic laws, but rather the consequence—the form of appearance in which their necessity realizes itself. . . . Competition therefore does not *explain* these laws; rather, it lets them be *seen,* but does not produce them. (p. 552)
>
> Competition executes the inner laws of capital; makes them into compulsory laws toward the individual capital, but it does not invent them. It realizes them. (p. 752)
>
> *Free competition* is the relation of capital to itself as another capital, i.e., the real conduct of capital as capital. The inner laws of capital—which appear merely as tendencies in the preliminary historic stages of its development—are for the first time posited as laws; production founded on capital for the first time posits itself in the form adequate to it only insofar as, and to the extent that, free competition develops, for it is the free development of the mode of production founded on capital; the free development of its conditions and of itself as the process which constantly reproduces these conditions. . . . Free competition is the real development of capital. By its means what corresponds to the nature of capital is posited as external necessity for the individual capital; what corresponds to the concept of capital is posited as external necessity for the mode of production founded on capital. The reciprocal compulsion which the capitals within it practice upon one another, on labor, etc. (the competition among workers is only another form of the competition among capitals), is the *free,* at the same time the *real,* development of wealth as capital. So much is this the case that the most profound economic thinkers, such as e.g., Ricardo, *presuppose* the absolute predominance of free competition in order to be able to study and to formulate the adequate laws of capital—which appear at the same time as the vital tendencies governing over it. But free competition is the adequate form of the productive process of capital. The further it is developed, the purer the forms in which its motion appears. (pp. 650-51)

Like the classics before him, Marx thus assigned to competition a very important, indeed an indispensable, role, that of enforcer of the laws of capitalism. But, again like the classics,

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* Martin Nicolaus translation, Pelican Marx Library.

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what interested him were the laws themselves and not the means of their realization. He took for granted that competition would develop along with capitalism and that the laws which competition enforces would become closer and closer approximations to reality. Given this perspective, there was no need for lengthy disquisitions on competition, and in fact Marx's comments on the subject were mostly incidental to discussion of other topics and often more concerned with earlier writers' misconceptions about the role of competition than with analyzing its workings.*

In this connection it is necessary to keep in mind not only that Marx's focus was on the laws of capitalism rather than on the means of their realization but also that his concern was with the system's "laws of motion," as he explicitly stated in the Preface to the first edition of volume 1 of *Capital.* For him competition could not be "perfect" or "pure," nor could it end in equilibrium situations lending themselves to analysis as to their uniqueness, stability, etc. Fantasies of this kind were imported into economics only much later by those more interested in concealing than revealing the real role of the economy in shaping the history and destiny of bourgeois society. Neither Marx nor the classics had any interest in playing such intellectual games. For them, and for Marx most of all, competition was an elemental force, somewhat comparable to the force of gravity, which keeps the parts of the system in place and interacting with each other in intelligible ways.

Marx of course recognized that in practice the freedom of competition met with many obstacles and blockages, but he considered these to be leftovers from precapitalist social formations which were in the process of disappearing with the development and spread of capitalist relations. He did not discuss the possi-

* Volume 1 of the *Marx-Lexikon zur Politischen Ökonomie,* compiled under the direction of Samezo Kuruma of the Ohara Institute for Social Research of Hosei University (Tokyo) is devoted entirely to *Konkurrenz* (Competition). It contains, apart from prefaces, appendices, etc., 359 pages of which half are Japanese translation, in other words about 180 pages taken from a wide variety of Marx's original texts. There are 176 separate passages, averaging just over a page apiece. And much of the space is taken up with providing the context of the remarks on competition rather than bearing directly on the subject. The *Marx-Lexikon* of which eleven volumes had been published up to the end of 1979 is an invaluable source book and reference work.

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bility that such barriers to competition might arise from the operation of the laws of capitalism itself. And yet his analysis of the concentration and centralization of capital and of the role of the credit system in making possible the creation of much larger units of capital than could be assembled by individual capitalists, obviously implied ongoing changes in the conditions of competition.

In the middle years of the nineteenth century when Marx was gathering his material and writing the three volumes of *Capital,* the typical English industry, exemplified most clearly in the production of textiles, comprised hundreds of establishments each too small to influence the overall supply-and-demand situation and each striving with might and main to make a greater profit (or avoid a loss) through reducing its costs of production. "The battle of competition," Marx wrote, "is fought by cheapening of commodities. The cheapness of commodities depends, *ceteris paribus,* on the productiveness of labor, and this again on the scale of production. Therefore the larger capitals beat the smaller." (*Capital,* volume 1, chapter 25, section 2) Further, the credit system, which begins as a "modest helper of accumulation," soon "becomes a new and formidable weapon in the competitive struggle, and finally it transforms itself into an immense social mechanism for the centralization of capitals." (*Ibid.*)

A consequence and bearer of these changes was the "formation of stock companies" (i.e., corporations) to which Marx devoted several pages in volume 3, chapter 27, commenting on phenomena (like the separation of ownership and control) which bourgeois economics was to take account of only much later. The conclusions to which the analysis pointed are summed up in the following paragraph:

> This is the abolition of the capitalist mode of production within capitalist production itself, a self-destructive contradiction, which represents on its face a mere phase of transition to a new form of production. It manifests its contradictory nature by its effects. It establishes a monopoly in certain spheres and thereby challenges the interference of the state. It reproduces a new aristocracy of finance, a new sort of parasites in the shape of promoters, speculators, and merely nominal directors; a whole system of swindling and cheating by means of corporation juggling, stock

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jobbing, and stock speculation. It is private production without the control of private property.

In preparing this material for the press two decades later, Engels added a long editor's insert, beginning, "Since Marx wrote the above, new forms of industrial enterprises have developed which represent the second and third degree of stock companies," and leading to the conclusion that "the long cherished freedom of competition has reached the end of its tether and is compelled to announce its own palpable bankruptcy." These new forms of enterprise were the cartel and what we know today as the holding company, i.e., a corporation which owns the shares of other corporations and in this way brings them under its control. As an example of the latter he cited the then recently formed United Alkali Trust, "which has brought the entire alkali production of the British into the hands of one single business firm. . . . In this way competition in this line, which forms the basis of the entire chemical industry, has been replaced in England by monopoly, and the future expropriation of this line by the whole of society, the nation, has been well prepared."

As this last statement and similar remarks by Marx suggest, Marx and Engels did not see these changes as foreshadowing a new phase of capitalism but, in the words of Marx quoted above, as a "phase of transition to a new form of production," which they doubtless thought would soon come to occupy the center of the historical stage.

In the light of all this, it certainly cannot be said that Marx was unaware of the changing conditions of competition arising from the capital accumulation process itself. If nevertheless he did not inquire into the possible implications of these changes for capitalism's "laws of motion," there are at least two explanations which readily come to mind. One is that at the time of writing *Capital* (the early 1860s) these changes were still only beginning to appear and very little empirical material was available on which to base an analysis. And the second is that he saw the changes as basically symptoms of an impending transition from capitalism to a new form of production. Now, more than a century later, we know that he was too optimistic (most revolutionaries are likely to be). Not that the beginnings of

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such a transition were all that far in the future; it was only that they made their appearance first not in the historical heartlands of capitalism but in the less capitalistically developed periphery of the global system. But even before this started to happen, the concentration and centralization of capital proceeded at an accelerating pace in the metropolitan centers of Western Europe, North America, and soon Japan.

With industry after industry falling under the domination of a few giant corporations, it could not but become clear to economists and other interested observers that the conditions of competition which had characterized the earlier stage of capitalism had been radically altered. Bourgeois economists began to deal with the new situation in a descriptive way even before the turn of the century, and an extensive popular literature of exposure and protest developed. In the United States, Thorstein Veblen, who was much influenced by Marx but could not be called a Marxist, was the first social scientist to treat the subject theoretically (in his *Theory of Business Enterprise,* 1904); and the Austrian Rudolf Hilferding was the first to do so from an avowedly Marxist point of view (*Das Finanzkapital,* 1910). A few years later Lenin, who was much influenced by Hilferding's work, produced his *Imperialism, the Highest Stage of Capitalism* (written in 1916); and since then it has become a widely, if not universally, accepted tenet of Marxist theory that by the end of the nineteenth century the concentration and centralization of capital had proceeded to the point of transforming capitalism from its competitive stage, on which Marx had focused attention, to a new stage variously referred to as finance capitalism, imperialism, or monopoly capitalism.

The term monopoly recurs with great frequency throughout this literature, but almost never is it used to imply the exclusion or absence of competition. In this respect the explanation offered by Veblen would almost certainly have been approved by practically all the other writers referred to and by those who have continued to work in this tradition in later years. All producers, he said, are guided by the principle which, in the language of the railroads, is known as "charging what the traffic will bear." And he continued:

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Where a given enterprise has a strict monopoly of the supply of a given article or of a given class of services, this principle applies in the unqualified form in which it has been understood by those who discuss railway charges. But where the monopoly is less strict, where there are competitors, there the competition that has to be met is one of the factors to be taken account of in determining what the traffic will bear; competition may even become the most serious factor in the case if the enterprise in question has little or none of the character of a monopoly. But it is very doubtful if there are any successful business ventures within the range of modern industries from which the monopoly element is wholly absent.* They are, at any rate, few and not of great magnitude. And the endeavor of all such enterprises that look to a permanent continuance of their business is to establish as much of a monopoly as may be. (*The Theory of Business Enterprise,* p. 54)

What is at issue in the transition from competitive to monopoly capitalism, therefore, is not at all the *elimination* of competition but rather a change in the *forms* and *methods* of competition. In the earlier period when each individual firm supplied only a small share of the market, the main weapons of competition were lowering costs and improving quality: by such means the firm could hope to survive and increase its profits. The competition was not perceived as coming from particular rival firms which were also small and might enter or depart from the industry without noticeably affecting the market as a whole. Rather the competition was perceived as coming from all the other firms in the industry. In order to stay in business and grow, one had to do better than the average of all the other firms, for it was the latter that determined the value (or price of production) of the commodities being produced. Firms with costs above average would be squeezed out, those with costs below average would prosper. None could influence the market as a whole, either in terms of the commodities in demand or in terms of the prices at which they could be sold; all had to accept these as the givens of the situation.

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* At this point Veblen inserted the following footnote: "'Monopoly' is here used in that looser sense which it has colloquially, not in the strict sense of an exclusive control of the supply, as employed, e.g., by Mr. Ely [author of a book entitled *Monopolies and Trusts*]. . . . This usage is the more excusable since Mr. Ely finds that 'monopoly' in the strict sense of the definition practically does not occur in fact."

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As concentration and centralization proceeded, however, this situation changed. The number of firms in industry after industry (though of course not in all) declined to the point where each one supplied a considerable share of the market. The smaller the number of firms ("oligopolists" in the terminology of neoclassical economics), the greater the possibility for each one to differentiate itself from the others in significant ways and thus to add new dimensions to the competitive struggle. The key problem for a firm was to acquire a special position in a part of the market—through such methods as brand names, advertising and other forms of aggressive salesmanship, reciprocal favors to large buyers, etc.—and then to fight to fortify and extend its share. In this situation a firm conceived its competition as coming no longer from the industry as a whole but rather from one or perhaps two or three firms nearest to it in the market. Competition, in other words, became much more visible and open and often much fiercer than it had previously been. In the early stages of this emerging mode of competition, there was a strong tendency for firms to try to improve their market position through price-cutting. Experience, however, gradually taught the lesson that this was a self-defeating strategy. Price-cutting could be as easily used to defend as to extend market share, with the only result being lower prices and profits for all contenders. In the closing decades of the nineteenth century price-cutting of this kind was very widespread and certainly played an important part in bringing prices sharply down from the peak reached during the Civil War and its aftermath boom to a much lower level by the end of the century. With 1873 = 100, the wholesale price index fell to 53 in 1898 to the accompaniment of a steady stream of bankruptcies and loud complaints and cries of alarm from the business community which experienced the period as one of almost unrelieved hard times.*

* It should be noted, however, that in terms of physical output, as distinct from prices and profits, the period was one of fairly rapid growth. Gross domestic product increased about threefold from 1870 to 1900, which compares favorably with any other three-decade interval for which estimates are available. See *Historical Statistics of the United States from Colonial Times to 1957* (U.S. Department of Commerce, 1961), pp. 140-141.

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It was then that U.S. businessmen learned the self-defeating nature of price-cutting as a competitive weapon and started the process of banning it through a complex network of laws (corporate and regulatory), institutions (e.g., trade associations), and conventions (e.g., price leadership) from normal business practice.* In this respect the years around the turn of the century marked a watershed in the development of U.S. capitalism: the nineteenth century which, except for the Civil War period, was a century of falling prices gave way to the twentieth which, again with an exception for the Great Depression, has been equally notable for its rising prices.

The question we now have to ask is whether the transformation of competition brought about by concentration and centralization of capital negates the role assigned to competition by the classics and Marx, i.e., as the realizer and enforcer of the laws of capitalism. The answer is definitely not, and in one very important respect it is even true that this role is enhanced and strengthened. This is in the realm of relations between capital and labor. In the classical/Marxian scheme of things competition forces capitalists to produce at lowest possible costs, which of course is the other side of the coin of maximizing profits. This means that they will buy labor power as cheaply as possible and,

* The classic study of this whole process is Arthur R. Burns, *The Decline of Competition: A Study of the Evolution of American Industry* (1936), an influential work in the late 1930s but one that has been almost totally ignored since the Second World War, a fact reflecting the ideological swing to the right of all the academic social sciences which was initiated by the Cold War and strengthened by McCarthyism. (Arthur R. Burns is not to be confused with Arthur F. Burns, the erstwhile Chairman of the Federal Reserve Board.) It should be added that the banning of price competition has not been, and indeed could not be, complete. There are conjunctures in which an aggressively managed company with ample financial backing finds it worthwhile to deliberately incur losses in order to increase its market share, confident of its ability to raise prices and recoup when the dust of battle has settled. Still more important is the case of new industries (like electronics in the last two decades) in which the whole question of which of many small firms will survive and grow has yet to be decided. Here we have to do with a shake-down process which in effect repeats the experience through which many older industries had to pass many years earlier. These are exceptions which should not be allowed to obscure the truth of the dictum enunciated by the editors of *Business Week* when they wrote (June 15, 1957) that the price system "works only one way—up."

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having bought it, will squeeze out of it the maximum attainable amount of production. This is a necessary, though not necessarily sufficient, condition for the validity of all the laws of value, surplus value, and profit. And the mechanism which produces it operates after as well as before the transition to monopoly capitalism. Capitalists are still forced by competitive pressures to produce at lowest possible costs. A weighty tome by a Harvard Business School professor explains why.* There are, according to the author, five competitive forces which "continually work to drive down the rate of return on invested capital toward the competitive floor rate of return, or the return that would be earned by the economist's 'perfectly competitive' industry." (p. 5) And in "coping with the five competitive forces, there are three potentially successful generic strategic approaches to outperforming other firms in an industry: (1) overall cost leadership, (2) differentiation, (3) focus." Of these the first is by far the most important. In Porter's words:

> Having a low-cost position yields the firm above-average returns in its industry despite the presence of strong competitive forces. Its cost position gives the firm a defense against rivalry from competitors, because its lower costs mean that it can still earn returns after its competitors have competed away their profits through rivalry. A low-cost position defends the firm against powerful buyers because buyers can exert power to drive down prices to the level of the next-most-efficient competitor. Low cost provides a defense against powerful suppliers by providing more flexibility to cope with input cost increases. The factors that lead to a low-cost position usually also provide substantial entry barriers in terms of scale economies or cost advantages. Finally, a low-cost position usually places the firm in a favorable position vis-à-vis substitutes relative to its competitors in the industry. Thus a low-cost position protects the firm against all five competitive forces because bargaining can only continue to erode profits until those of the next-most-efficient competitor are eliminated, and because the less efficient competitors will suffer first in the face of competitive pressures. (pp. 35-36)

There can thus be no doubt that survival and growth are as crucially dependent on minimizing costs as they were in the earlier stage of capitalism. But we can go further and say that

* Michael E. Porter, *Competitive Strategy* (New York: The Free Press, 1980).

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in its ability to squeeze the most out of labor power, the giant corporation of today has greatly surpassed its small-scale ancestor. Here we can do no better than quote the leading authority on the subject, Harry Braverman:

> . . . the crucial developments in the processes of production date from precisely the same period as monopoly capitalism. Scientific management and the whole "movement" for the organization of production on its modern basis have their beginnings in the last two decades of the last century. And the scientific-technical revolution, based on the systematic use of science for the more rapid transformation of labor power into capital, also begins . . . at the same time. In describing these two facets of the activity of capital, we have therefore been describing two of the prime aspects of monopoly capital. Both chronologically and functionally, they are part of the new stage of capitalist development, and they grow out of monopoly capitalism and make it possible.*

Marx considered that the "determining element" in all class societies—that which defines their fundamental nature—is "the specific economic form in which unpaid surplus labor is pumped out of the direct producers." (*Capital*, volume 3, chapter 47, section 2) Under capitalism this specific form is the capital/wage-labor relationship. The transformation of competitive into monopoly capitalism not only does not negate this relationship, it refines and perfects it. With respect to certain secondary characteristics of the system, most notably the distribution and forms of utilization of the surplus value, however, the transformation does bring about important changes, and this is why a specific theory of monopoly capitalism is necessary.

The altered forms of competition which prevail in monopoly capitalism create not the tendency toward a system-wide average rate of profit which Marx analyzed in Part 2 of the third volume of *Capital* but rather a hierarchy of profit rates, highest in the industries which approach most closely to a monopoly status and lowest in those in which small-scale competitive enterprise continues to predominate. Since surplus value is distributed through the mechanism of profit rates, and since

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* Harry Braverman, *Labor and Monopoly Capital* (Monthly Review Press, 1974), p. 252. See also Richard Edwards, *Contested Terrain: The Transformation of the Workplace in the Twentieth Century* (New York: Basic Books, 1979).

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there is a rough correlation between the height of the profit rate and the number and size of firms in a given industry, it follows that there is a strong tendency, given a continuing process of concentration and centralization, for more and more surplus value to be sucked up from the smaller-scale and more competitive sectors to the larger-scale and more monopolistic ones. But since the amount of surplus value available for accumulation is always greater in proportion to the size and profitability of the unit of capital to which it accrues, it follows that the same total amount of surplus value will tend to support a more rapid rate of accumulation the more monopolistic is the overall structure of the economy.

There are important implications of this for the actual unfolding of the accumulation process which cannot be analyzed here. But I do want to call attention to several points which have not been mentioned and which would require further exploration in a fuller treatment of competition and monopoly.

First, one should be careful not to freeze monopoly capitalist theory into the kind of rigid static molds which are the hallmark of neoclassical economics. When we say that the average rate of profit is superseded by a hierarchy of profit rates, there is no implication that the industries (or firms) at various levels of the hierarchy must always be the same. There is constant movement within the hierarchy in response to both internal and external factors. At the time of writing (early 1981) a particularly dramatic example is the reversal of the positions of the U.S. oil and automobile industries. A few years ago the automobile industry was on top by a wide margin, with oil at a considerably lower rung on the ladder. The sharp and increasing rise in the price of oil since 1973, together with sluggish adaptation to new conditions by the auto giants, has propelled oil to the top and plummeted autos to the bottom. Estimates appearing in the business press put the profits of the oil industry, dominated by a dozen or so huge corporations, at 30 to 40 percent of total nonfinancial corporate profits, clearly an unprecedented situation; while the three auto giants have been reporting the largest losses in U.S. corporate history. This relationship obviously will not last: oil will come down and autos will go up. But there is no guarantee that their relative positions

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will be restored to what they were before. Similar, if less dramatic, examples could be drawn from the experience of many other industries. To which should be added that with the trend of recent years toward conglomeration, the relationship between firms and industries becomes increasingly blurred: most of the big oil companies are into petrochemicals and other forms of energy, and many are moving into mining; U.S. Steel, the biggest steel producer, is diversifying into chemicals, coal, oil, and gas; Armco, the fifth largest steel producer, already gets more than half its profits from energy-related operations, especially oilfield equipment; and so on and on. Since profits accrue to firms rather than to industries, the meaning of ranking industries by profitability becomes increasingly problematic. At the same time, however, the general proposition that the distribution of surplus value is increasingly skewed in favor of the larger units of capital is less and less open to question. And this is the heart of the matter as far as the relation between monopoly and accumulation is concerned.

Second, it is of more than passing interest to note that while Marx made no attempt to analyze the effect on the accumulation process of changing forms of competition, there is an intriguing passage very near the end of the third volume of *Capital* (in a chapter entitled "The Semblance of Competition") which suggests the direction his thinking might have taken if he had lived two or three decades longer:

> [I]f the equalization of the surplus value into average profit meets with obstacles in the various spheres of production in the shape of artificial or natural monopolies, particularly of monopoly in land, so that a monopoly price would be possible, which would rise above the price of production and above the value of the commodities affected by such a monopoly, still the limits imposed by the value of commodities would not be abolished thereby. The monopoly price of certain commodities would merely transfer a portion of the profit of the other producers of commodities to the commodities with a monopoly price. A local disturbance in the distribution of the surplus value among the various spheres of production would take place indirectly, but they would leave the boundaries of the surplus value itself unaltered. If a commodity with a monopoly price should enter into the necessary consumption of the laborer, it would increase the wages and thereby reduce the surplus value, if the laborer would receive the value of his labor

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power the same as before. But such a commodity might also depress wages below the value of labor power, of course only to the extent that wages would be higher than the physical minimum of subsistence. In this case the monopoly price would be paid by a deduction from the real wages (that is, from the quantity of use values received by the laborer for the same quantity of labor [power]) and from the profit of other capitalists. The limits within which the monopoly price would affect the normal regulation of the prices of commodities would be accurately fixed and could be closely calculated.

While Marx has in mind in this passage only a "local disturbance in the distribution of surplus value," clearly the reasoning can be extended to encompass a more generalized spread of monopoly, i.e., of industries able to charge prices above price of production or value whichever is higher, and a continuing process of concentration and centralization. In addition to a redistribution of surplus value from more competitive to less competitive sectors, there could take place an increase in total surplus value at the expense of real wages (implying a rise in the rate of surplus value), if workers are unable to protect themselves against monopoly prices for wage goods. To this it might be objected that monopoly prices cannot raise the rate of surplus value except through depressing wages below the value of labor power, and that this would be essentially an unstable and temporary effect. This objection, however, fails to see monopolization as a process which must be viewed historically and as an ongoing part of the accumulation process. While at any particular time the value of labor power can be treated as a given, over a period of time it tends to rise (because of increasing costs of producing labor power and workers' struggle to improve their standard of living). In this context growing monopolization must be seen not as depressing wages below the value of labor power but as slowing down the rise in the value of labor power. To this extent it favors capital against labor by raising the rate of surplus value above what it would otherwise have been. It thus appears that two of the central ideas of the modern theory of monopoly capitalism—that the transformation of competition brought about by concentration and centralization of capital both raises the rate of surplus value and skews the distribution of surplus value in favor of the larger units of capital—

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are logical developments of a line of thought which Marx clearly adumbrated in the third volume of *Capital*.

The same cannot be said, however, of the other central thesis of monopoly-capitalist theory, namely, that the changing size and composition of surplus value are accompanied by changes in the utilization of surplus value, exemplified especially by the enormous growth, both absolute and relative, of selling costs in the last hundred years or so. In discussing the costs of circulation, Marx clearly established that these are deductions from the surplus value going to productive enterprises, and he thought of them as falling within the realm of merchant capital. Since there was thus a conflict of interest between industrial and merchant capital, and since the former was growing more powerful all the time, he thought that the tendency in the course of capitalist development was for the relative importance of the costs of circulation to decline. This was true enough in the period of competitive capitalism. But with the decline of price competition, other forms of gaining market share came to the fore, and these were heavily focused in the realm of salesmanship (product differentiation, branding, advertising, packaging, and the like). Some of these activities add use value to the buyer, but by far the larger proportion are concerned with salability pure and simple and are therefore for the most part to be treated as additions to the costs of circulation. Both the labor and the capital devoted to these purposes are unproductive (they consume but do not produce surplus value) and therefore, from a social point of view, are to be accounted as sheer waste.

In the further course of development of monopoly capitalism, additional changes in the pattern of utilization of surplus value—notably those related to imperialism, militarism, and efforts by the state to counteract blockages in the accumulation process—emerged and grew steadily more important. In the second generation of Marxist theorists these questions were placed at the center of inquiry by Hilferding, Rosa Luxemburg, and Lenin; and they have of course continued to preoccupy Marxists ever since. But in closing this brief discussion of competition and monopoly from a Marxist point of view, it is fitting that we should recognize that the first theorist to achieve a comprehensive vision of monopoly capitalism and its long-run

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consequences was the American Thorstein Veblen. As early as 1904 Veblen delivered the following diagnosis which rings truer today than it did three quarters of a century ago:

A disproportionate growth of parasitic industries, such as most advertising and much of the other efforts that go into competitive selling, as well as warlike expenditure and other industries directed to turning out goods for conspicuously wasteful consumption, would lower the effective vitality of the community to such an extent as to jeopardize its chances of advance or even its life. The limits which the circumstances of life impose in this respect are of a selective character, in the last resort. A persistent excess of parasitic and wasteful efforts over productive industry must bring on a decline. But owing to the very high productive efficiency of the modern mechanical industry, the margin available for wasteful occupations and wasteful expenditures is very great. The requirements of the aggregate livelihood are so far short of the possible output of goods by modern methods as to leave a very wide margin for waste and parasitic income. So that instances of such a decline, due to industrial exhaustion, drawn from the history of any earlier phase of economic life, carry no well defined lesson as to what a modern industrial community may allow itself in this respect. (*The Theory of Business Enterprise,* pp. 64-65)

One may legitimately wonder, as we enter the last two decades of the twentieth century, whether this safety margin is not now at long last in grave danger of being used up. This is the question which lies at the heart of the crisis of our time.

A persistent excess of parasitic and wasteful efforts over productive industry must bring on a decline. But owing to the very high productive efficiency of the modern mechanical industry, the margin available for wasteful occupations and wasteful expenditures is very great. The requirements of the aggregate livelihood are so far short of the possible output of goods by modern methods as to leave a very wide margin for waste and parasitic income. So that instances of such a decline, due to industrial exhaustion, drawn from the history of any earlier phase of economic life, carry no well-defined lesson as to what a modern industrial community may allow itself in this respect.

—Thorstein Veblen, *The Theory of Business Enterprise*

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U.S. WORKERS AND THE U.S. LABOR MOVEMENT

BY BRUCE NISSEN

This essay (slightly updated here) was awarded the Michael Magdoff Memorial Essay Contest prize (see Notes from the Editors, MR, April 1981). Bruce Nissen was active in the student movement in the late 1960s and early 1970s. He has a Ph.D. in social and political philosophy and taught philosophy for several years. In the late 1970s he served as vice president, shop-safety and health committee chairperson, and in several other capacities for Local 417, United Electrical Radio, and Machine Workers of America (UE). He is presently preparing to become a labor educator.

For three years, from 1977 to 1980, I worked in an industrial factory in northern New Jersey. During this time I was active in my union local, both as a rank-and-file activist and as an elected official. Therefore the following paper will discuss the U.S. working class from the viewpoint of the labor movement and of trade-union activity. I choose this focus because this is what I know best, and also because I consider the labor movement to be very important as a working-class institution. The first part of this paper will discuss trade unionism in general; within this context, the second half discusses the present situation.

I. The Labor Movement

The labor movement is a unique product of our modern system of economic production. It could only arise sometime after the formation of the modern industrial working class. And

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the industrial working class was created by the industrial revolution. The workers were separated from their tools of production and forced to work for an employer. They were also brought together in larger economic units and were subjected to a mechanized discipline.

Early industrial capitalist development brutalized the workers in many ways. Economic conditions were precarious and wages fluctuated wildly, depending on the swings of the business cycle. Skilled craftsmen were threatened with ruin through the introduction of new machinery and unskilled workers; conditions tended to equalize. The skilled workers sometimes organized to protect their particular status and work conditions; the unskilled also organized (usually later) to protect themselves from complete degradation. But in all cases the development of trade unions and a labor movement was a response to the radical disruption which an early industrializing capitalism imposed on the lives and life styles of those who were to be its industrial workers.

The essential function which the labor movement had at that time—and which it still has today—is to protect the workers from the arbitrary domination of capitalists over their lives. This formulation is perhaps obvious, and it is too vague to convey much information. So I should make it clear that I believe several things must be done to protect the workers from this arbitrary domination. First, directly at the point of production, unions must struggle for better working conditions, higher wages, and a certain degree of control over management decisions which directly affect the workers (discipline, promotions, possibly hiring, etc.). Second, merely to defend any gains that may be won at the point of production or to create a total social climate that makes it *possible* to win anything at the point of production, unions must engage in political struggles. These political struggles will ultimately have the aim of limiting or even changing property rights, for it is the capitalists' private-property rights which give them effective dominance over the workers.

Therefore I would argue that economic struggles *require* political action at least to preserve or defend economic gains. If political struggles for power are avoided, the entire coercive

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mechanism of the state will automatically be used by the capitalists to destroy any temporary gains that may be won at the economic point of production.

What type of political activity will trade unions engage in? Will they be favorable or antagonistic to the capitalist system as a whole? For temporary periods, they can be either: unions range all the way from positive supporters of the system to revolutionary opposition. Much depends on the historical circumstances. However, in the long run, unions organized on an industrial basis must be antagonistic to the system in at least some fundamental ways. This is true simply because of their structural position within the economic system (basic defenders of workers and their interests) and their membership (entirely working-class).

Whether this antagonism is total or limited to particular aspects of the system depends on a large number of historical factors. Capturing all of these factors is difficult, but I can indicate here a few of the things I consider most important. First, the international position of the country within which the labor movement operates is critical. If the country plays a dominant economic role in the world economy, or if it is fast ascending to such a role, this will tend to make the domestic economy function better than it otherwise would. If the system is expanding rapidly because of overseas investments and overseas monetary and military domination (imperialism), the capitalists will be able more easily to grant wage and other demands. If decisive sectors of the working class can enjoy steady progress in their standard of living for considerable periods of time because of this factor, trade unions will likely accommodate themselves to the system and become less antagonistic. A clear example of this situation has been the United States for some time, particularly for the two and a half decades following the Second World War. By the end of that period most workers and trade-union leaders were positive supporters of the system.

On the other hand, a nation caught at the other end of the international imperialist nexus is likely to experience the precise opposite. Its economy will remain dependent, sluggish, and distorted, due to major investment decisions being made by foreign corporations. Such a country is likely to sharpen the antag-

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onisms of its workers and trade unions toward its capitalist system. Examples abound, especially in Latin America: Argentina, Chile, Peru, etc. Under such conditions trade unions usually are not allowed to exist—at least not openly and freely. And whenever they do exist, they tend to be revolutionary. An imperialist country in decline frequently faces similar economic dislocations, which tend to sharpen labor-movement antagonism to the system.

A second factor, related to the first but not identical to it, is the flexibility and expansiveness of the economy. A number of things influence this, including the historical circumstances under which capitalism arose, availability of domestic raw materials and land, degree to which the domestic market is saturated, technological innovations which create enormous new markets (the railroad, the private auto), etc. Again, to the extent these and other factors keep the standard of living rising and unemployment down, the trade unions will tend to accommodate themselves to the system. To the extent the reverse occurs, antagonism will increase.

These two factors are indications of the success or failure of the system in sustaining what has been called "economism" within its working class. "Economism" is the narrowing down of conflict to issues of financial betterment, rather than those of control or power. Put simply, to the extent the system is capable of providing continuous improvement in the standard of living, historically it seems to be able to sustain economism as the dominant thinking of its workers. (At least this has been true historically for blue-collar workers—some "new working class" theories, which have had greatest currency in France, assert it to be different for some of the newer sectors of the working class.)

A third variable which is quite important is the extent and types of divisions within the working class. Regional, racial, ethnic, sexual, national differences and degree of skill all tend to divide workers if they are incorporated materially into the functioning of the system. For example, where racial and sexual differences are systematically employed as criteria in hiring and promotions (as in the United States), the material inequalities between the races and sexes which result lead to a weakening of

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class identity and a strengthening of racial or sexual identity. Antagonism to the system declines as scapegoats for one's problems are found.

Finally, general political and social factors which affect the entire social climate of the country can have an important impact. The *culture* of the working class (or lack of it), the role of the educational system, mass media (especially television), family structure, community patterns, and the presence or absence of a mass left-wing press and party are obvious considerations. Discussing and analyzing the role and importance of factors like this is very complicated, and I cannot pretend to do justice to these topics here. But a few pertinent points will be made in Part II.

To summarize all these determinants of working-class and labor-movement attitudes toward the capitalist system, it can be said that to the extent the system is capable of dominating and exploiting the world economic system, continually expanding domestically at a rate fast enough to provide a steady rise in the standard of living, creating divisions among various types of workers, and controlling working-class cultural and social patterns and values it is safe from antagonism. I do not believe that the history of capitalist societies shows that all of these things are possible for a sustained period of time (especially the first two). Therefore antagonism (but not necessarily a total, revolutionary antagonism) will result.

The historic mission of the trade unions, therefore, is to provide minimal economic and "working conditions" protection for their members *and* to be one important vehicle among others for many broad social reforms or even for revolutionizing of the system. The first task is an absolute minimum; it must be undertaken for even short-term survival of trade unions as institutions. But the latter task is also important—to the extent trade unions fail to take it up they ultimately will lose members, power, and influence. In the long run, all economic gains won through collective bargaining at the employer-employee level are dependent on steadily advancing *political* power for workers and the labor movement. This is especially apparent at a time of economic slowdown such as the present.

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II. The Present Labor Movement and the Future

The present state of the U.S. labor movement can be understood only by briefly reviewing the history of the country in the past three and a half decades. Following trends begun much earlier, American industry has continued to concentrate. Large corporations are buying up smaller ones, with centralization greatest in older, more established sectors of the economy where unions are likely to be well established. Wherever possible, companies are attempting to establish uniform, national-product markets for their goods and services. (This is of course more difficult, or sometimes even impossible, in certain industries that by their very nature have a more localized market: construction, health care, and many service industries.) One additional aspect of this increased concentration (monopolization) of the U.S. economy is worth noting: the oligopolistic corporations have been moving much of their business abroad, thereby moving an increasing percentage of their profit-making operations outside the area where U.S. unions function.

The increased concentration and centralization of U.S. industry and business have stimulated a centralization *of* unions (increasing mergers with a resultant reduction in the number of national unions on the scene) and *within* unions. Within unions, power has been transferred to more centralized levels of the hierarchy. This was absolutely necessary because local unions cannot bargain effectively with national conglomerates which have many plants spread across (and probably outside) the country. A strike or other coercive activity by the union local will be relatively ineffective when the company has such enormous resources as to enable it to wait out a prolonged struggle, and can transfer work out of the struck plant to other sources of supply. Only a centralized, unified labor union can effectively challenge these oligopolistic corporations. Therefore unions have moved collective bargaining to regional and often national levels when the structure of the industry has made this necessary.

When collective bargaining (at least on major issues, like wages, benefits, pensions, etc., if not on local working conditions, local health and safety provisions, etc.) goes national, a number of other union functions and resources are likely to go

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national too. An increasing portion of the treasury will be used for lawyers, researchers, consultants, etc. at the national level. The national leadership demands and usually gets the right to put locals into receivership (national control of local affairs) if it feels the local leadership is behaving in a manner detrimental to the union as a whole. Sometimes even grievances and how they are handled are decided by representatives from the national union, although this is one area where the local maintains greatest control. Nevertheless, other important union matters, like deciding which workers to attempt to organize, or in general how to organize the unorganized, are now decided almost entirely at the national level.

This creates problems for a union local: it loses most of its grass-roots vitality. Since most of the important decisions are not made at the local level, the members tend to lose interest and not to participate actively in their locals. Attendance at local union meetings usually is low unless negotiations are going on or a contract is up for ratification. Despite this, union locals do have a certain degree of vitality left—at least if they are based upon a strong shop-steward system that actively functions. Management, seeking to maintain or increase its profit margin, makes decisions and takes actions that always create dissatisfaction. This face-to-face confrontation between management and workers occurs locally, and the settling of disputes arising from the interaction is a matter for the union local to handle. Although hardly vibrant institutions, union locals are still important to members for this reason.

On the national collective-bargaining level, the opportunities for large economic gains for the membership are greater if the union membership is unified and the union is well prepared. This is because the oligopolistic conglomerates are able to grant wage, pension, and benefit gains more easily, due to their size and position within the market. Consequently unions with nation-wide bargaining within the monopolized sectors of the economy usually win larger wage-and-benefit settlements than others.

But the problems accompanying this steady growth in economic benefits from 1945 to approximately 1970 were many. The hierarchical, centralized bureaucracy of the national unions

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became more isolated from the rank and file. Because of this insulation, the national union leadership frequently misjudged the desires of the membership and recommended contracts which the rank and file turned down. This became a frequent occurrence in the 1960s and 1970s. Even worse, the bureaucracy sometimes acts as a policeman for the corporation, enforcing labor discipline against its own members.

Politically, centralization has also had several consequences. The strength that comes with large numbers and an ample treasury helps the national unions develop political influence on the national level. The AFL-CIO's Committee on Political Education (COPE), the extensive lobbying which many unions do on Capitol Hill, large union contributions to congressional and presidential races, and the attempt by the mainstream of the labor movement to establish a permanent and special relationship with the Democratic Party are all examples of this. And for quite some time following the Second World War, it seemed to much of the labor movement that this approach was bearing fruit.*

However, problems which were long obvious from a socialist point of view have now shown through, even to AFL-CIO unions. First, unions won almost all their gains from a steadily expanding corporate pie: due to an extended period of growth following the Second World War of previously unheard-of dimensions, social programs and other legislation favored by labor were passed. These things were acceptable to the corporations as long as prosperity was the order of the day. When this expansive period of U.S. capitalism ended, the more general weaknesses of the labor movement began to appear for all to see. Union membership as a percentage of the total labor force has steadily declined in recent years. Also, as noted above, the national union leadership is often out of touch with the membership; politicians now believe that the labor movement cannot "deliver the vote" and frequently this is true. The labor

* An example of this optimistic belief that unions were basically on the right track is Gus Tyler's book *The Labor Revolution* (New York: Viking Press, 1967). Tyler displays confidence in continued upward mobility, a continued very mild reformist labor program, continued labor political power through the Democratic Party, and continuous economic expansion of the system.

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movement is finding that the Democratic Party and the "friends of labor" in Congress are not as reliable as had been thought. The labor movement is unable to get legislation passed curbing the corporation's right to close their plants and relocate in the relatively union-free South or even abroad. In short, labor has been put on the defensive and has won almost nothing politically for the last decade because of these problems.*

What happened from 1945 to 1970 in the labor movement was not entirely a product of economic concentration. Conscious decisions also played a large part. Another way to summarize this period follows. When the United States emerged victorious from the war, with a much greater degree of economic concentration than had been the case prior to the Great Depression, the large corporations were in a position to offer a new type of deal to the unions. *If* the unions would enforce labor discipline, supply labor stability, accept longer contracts, purge the radicals, set up grievance procedures which remove the handling of grievances from the rank and file as much as possible, stay within the two-party system, leave price and other social decisions alone, etc., *then* the employers would recognize the unions, provide dues check-off, increase wages substantially, not resist too strenuously certain types of legislation favorable to labor, grant seniority rights, etc.

The mainstream of the labor movement basically accepted this deal.** The price it ultimately had to pay has been very high. By seriously curtailing its capability for a serious political

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* Although he overstates the case (especially by making the root cause of all of the labor movement's problems the "structural limits" of trade unionism), Stanley Aronowitz has clearly pointed out the arthritic character of today's trade-union movement in *False Promises* (New York: McGraw-Hill, 1973), chapter 4.

** By using the term "deal," I do not mean to imply a conscious conspiracy. *All* collective bargaining is of course making some sort of deal. What I mean is that the monopoly corporations immediately after the war encouraged, or at least did not discourage, conservative and moderate behavior of unions, while they stood absolutely strong against more radical and rank-and-file initiatives. The concessions made were granted in order to avoid economic disruption at home during a time when U.S. business had a unique chance to expand abroad and dominate the world economy. As for the mainstream of the labor movement, it took the path of least resistance. It was weakened considerably by its anti-communist purges, and then settled into an economistic accommodation to the system.

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offensive to limit and eventually even change property rights (what I have called the second half of its "historic mission"), the labor movement has lost most of its grass-roots vitality. This was not apparent to most labor leaders until the 1970s when the economy slowed down. Suddenly the corporate consensus has changed: in the phrase of the UAW's Douglas Fraser, the corporations launched a "one-sided class war." Aggressive union-busting, decertification campaigns, hard-line bargaining aimed at cutting real wages, relocating plants to non-union environments, and a whole host of conservative and reactionary legislative initiatives are some of the signs of what is now going on.

The labor movement has been unable to respond in any important way to this offensive. The typical response is to continue endorsing Democrats (even if, like Jimmy Carter, they do not have a pro-labor record), accept reduced living standards, and support nationalistic "solutions" such as import restrictions. A number of unions are also now talking merger at a faster pace—a type of organizational self-preservation in bad times. But nothing like an innovative program to counter the corporate offensive has been forthcoming. Such a program would have to include national laws curbing the right to relocate large enterprises, aggressive organizing of the unorganized (especially in the South and among women), moves toward public control of energy policy and resources, defense-budget cuts, a counter-offensive in the area of civil rights, a tax program which shifts the burden from the working class and the consumer, and much more. And in my opinion it will necessitate the formation of an *independent* political base; ultimately a labor party free from the two major capitalist parties is needed. Probably as a prerequisite to all of the above, a vigorous "cultural revolution" within the unions which involves and activates the rank and file on a much wider scale is needed; the leadership must become less afraid of its own rank and file.

Will any of this happen? The prospects do not look encouraging. The leaderships of the major unions have not even begun to move in this programmatic direction. Of the major AFL-CIO unions, the Machinists' president, William Winpisinger, has done the most, at least vocally. But he is pretty much standing alone, aside from the independent United Elec-

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trical Workers leadership. The UAW and a few others have made some inconsistent moves in this direction, but overall little is being done.

However, this way of looking at it is too limited. While leadership is important, we have also to look at the rank and file if we want to project what is likely or possible. What is the consciousness of the rank-and-file worker? This is the hardest question of all to deal with: I certainly do not have a complete answer. Nonetheless, based on my experience within the labor movement (as a rank-and-file activist and local elected official), I would say that the situation is very unstable and contradictory. First, the average worker is disillusioned with *all* the major institutions of our society.* However, the problems often are not seen in *class* terms. While most workers perceive their own working-class identity and also perceive an opposition to their own employer and often to big business in general, they seldom see this as the totality of the situation. They also experience opposition along many other lines, especially national, racial, ethnic, skill, or even regional lines. They simultaneously prefer contradictory things because of these contradictory aspects of their experience. Many workers want peace and increased militarism, racial justice and an end to affirmative action, reduced taxes and increased government spending (especially on programs perceived to be most relevant to themselves), and so on.

In this situation, average blue-collar workers (and probably many white-collar employees also) have no consistent theoretical outlook on the world. Many will simultaneously support socialized medicine and vote for Ronald Reagan. What does seem to be the initial response to the seemingly long-term slowdown of the economy is a marked increase in individualistic selfishness. Very narrow views of "getting over" on others, of "looking out for number one" are currently popular. Cautious, conservative protection of "what I've already got" is the main goal. Needless to say, this attitude—which has grown steadily during the 1970s—has not helped the workers or the labor

* This (as well as some other observations I make in the following paragraphs) is backed up by data from public-opinion polls and other sources collected by Jay Pellon in "The Myth of the Rank and File Upsurge," in *Labor Study Project, Report #1* (P.O. Box 246, Yeadon, Pa. 19050), pp. 9-20.

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movement to organize a coherent response to the attacks coming down on them.

However, I believe this is only temporarily the major aspect of the working-class response. Economic decline will definitely cause discontent. The real question is whether the continued stagnation and decline of the economic situation will create more opportunities for workers to identify with and struggle alongside other workers on a *class* basis, or only further divide them and lead to nationalistic, racist, or other backward types of identification. The answer is complicated because both things are happening simultaneously. The growth of right-wing extremist organizations like the Ku Klux Klan, the popularity of nationalistic solutions like import restrictions, or the popularity of welfare cuts and defense-budget increases all indicate the negative side of the coin. But on the other hand, if the decline *homogenizes* the workforce by making all worse off, this should be fertile ground for socialists to point out common class interests. If there is a slow but steady decline in living and working conditions of workers coupled with increased government intervention favoring big business (exactly what is being planned), this will at least provide an objective basis for strengthening workers' consciousness on more of a class basis. Corporate attacks on unions and working people, plus runaway plants, should also begin to lead the labor movement in the direction of collective, class solutions to its problems.* Thus I see the possibility of a growing class consciousness (of a limited nature, to be sure, especially limited in envisaging an alternative to our

* The *New York Times* of March 30, 1981, contains some evidence that this is happening at the local union level. A United Rubber Workers local president whose plant closed down stated, "There's a move on to lower the standard of living of the working people here. . . . I can't imagine that the working class of people will tolerate it much longer. We're easily excitable; we could turn rebellious overnight. After all these years of thinking that we're all pretty much the same, what I see developing is a big difference between the classes. We all eat from the same table, but what I see is the sacrifices are all being asked of one side of the table." A UAW local president at a Chrysler plant agrees: "Doug Fraser (UAW International President) is a statesman, but I think we're going to have to get radical because it don't work any other way. It don't pay to be statesmanlike when they're making you give up what you earned, and I'm not saying nobody's going to get hurt."

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present system) in the coming years, although this will be slow in coming.

The obstacles will be many. If the expansiveness of the system is no longer great enough to sustain a harmonistic type of "economism" within the working class, its other mechanisms for deflecting class consciousness are still operative. The material and ideological divisions within the class are many. Culturally and socially, autonomous working-class institutions are very few. Regionally, the South with its booming economy and built-in non-union labor will be slower to develop. And the uneven impact of economic decline will work against class cohesion. The prevalence of racism, anti-communism, and militaristic nationalism within the U.S. working class is especially discouraging. And all of these can be used through conscious corporate and government policies to undercut any growing class perspective.

Nevertheless, I think forward progress toward greater class consciousness within important sectors of the working class will accompany the almost certain backward motion in other respects. Specifically, I would project the following: the trade unions as a whole will take a beating for the next five to ten years; they initially will be in no position to respond effectively; membership will continue to decline; much of the old-line bureaucratic leadership will respond in only the most narrow organizational terms. However, a limited class consciousness (probably social democratic in nature) will grow simultaneously within sectors of both the union hierarchy and the working class as a whole. Between a combination of rank-and-file pressure and splits within the leadership, more progressive leadership will emerge in a limited number of unions. This should set the stage for a differing, positive direction within the labor movement. Whether the result will be a demand for a break with the mainstream (as in the formation of the CIO in the 1930s) is impossible to determine. But I do believe a positive alternative trend will emerge under the pressure of events.

Any positive advance could be undermined by unforeseen historical circumstances. A war is the most likely. All of Thorstein Veblen's comments about the corporate use of "force and fraud" to continue the present system still apply. But the ob-

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jective difficulties for the U.S. economic system will continue. The United States is slowly but surely losing its dominant position in the world economy. The economic slowdown appears long-term, if not permanent. Therefore diversionary maneuvers ultimately will be of limited usefulness in preserving the crisis-ridden system.

Predicting the future is always a speculative venture. The dangers of crystal-gazing are obvious. But at least we must analyze the present and likely future trends so we can—as socialists—intervene effectively to accomplish what is possible. We will not be creating a burgeoning class-conscious socialist movement in the next decade, but we can hope to accomplish more limited but still important tasks in the relatively near future. The labor movement is one of the most important arenas for our active involvement.

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Gregorio Selser is an Argentinian now living in Mexico. For this edition he has added an Afterword and a Conclusion.

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THE MEXICAN VOLCANO

BY JIM COCKCROFT
AND ROSS GANDY

"People at the State Department told us: 'If El Salvador has a revolution, then the Mexican oilfields 150 miles away will be hit by revolution: we can't permit either.' " These words were spoken by Enrique Alvarez Córdoba, president of the Salvadoran Democratic Revolutionary Front, in an address at Riverside Church, New York City, in late August 1980. Three months later, he and other Front leaders were kidnapped and assassinated in San Salvador.

In mid-1980 Bolivia experienced a military coup and its 210th government in the past 154 years. You may ask: What's new, don't the other 25 Latin American countries also suffer from come-and-go generals? Two exceptions stand out: for a generation the Communist Party has steered Cuba through stormy times, and Mexico has endured its Institutional Revolutionary Party (PRI) for half a century.

Search Cuban and Mexican history for the secret of their parties' staying power and you find that both countries share a singular experience. In the twentieth century they passed through the most influential revolutions of the Western Hemisphere. In Cuba a socialist revolution brought stability, with a government meeting people's needs for food, clothes, housing, schools, medi-

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Jim Cockcroft is the author of *Modern Mexico,* forthcoming from Monthly Review Press; Ross Gandy is co-author of *Mexico 1910-1976: Reform or Revolution?* distributed by Lawrence Hill Publishers. Both have had long first-hand experience of Mexican realities.

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cine, and jobs. But in Mexico, under state monopoly capitalism, the stability resembles that of a well-guarded zoo, with lions in cages and zebras on a grassless pasture. At night the caged animals roar to get a bone; the starving herds in the dusty compound try to swim the river around it.

Mexico's revolution has brought forth a corporate state that would turn Mussolini green with envy. Workers in factories, railways, mines, schools, clinics, and offices are trapped in their government-controlled unions—organizational cages that keep wages low and strikes to a minimum.

Who is outside in the dusty compound? At least half of the people: all those super-exploited peasants and ex-peasants on whose backs Mexico's post-Second World War capitalist economic growth has been built. Today these 35 million are the landless peasants, the migrant workers (so-called wetbacks), the urban jobless, the sierra Indians, the shivering prostitutes and the homeless, the wandering beggars and bandits, the nameless semi-literates who are, according to the voices of big business, "unemployed and unemployable."

Many of these immiserated have no identity papers; they are undocumented aliens in their own country. In search of survival they trek from harvest to harvest and from city to city. Three million are street vendors in the capital. Some make it across the U.S. border, of whom almost half have obtained prior employment in Mexico's cities but at starvation wages. Less than 60 percent of Mexico's labor force earns the legal minimum wage, which in 1980 was not half of what a working-class family of five needed to maintain itself.

Economists examining Mexico's income pie agree on the following facts: In 1958 the top 5 percent of income recipients had 22 times the income of the bottom 10 percent of the population, but by 1977 the share of the top layer had jumped to 47 times that of the bottom layer. Over half of the national income goes to the 10 percent of the people who make up the elite: agribusiness owners, real-estate speculators, captains of industry and commerce, bankers and department-store owners, corporation managers, highly successful professionals, army brass, top politicians and bureaucrats—these are keepers of the

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zoo. A fifth of disposable income goes to that 20 percent of the people who make up the groups just below the elite: shopowners, retailers, wholesalers, army lieutenants, state doctors, union bureaucrats, federal schoolteachers, civil servants, and skilled industrial operatives—many of these are locked into cages called unions. And 13 percent of disposable income is divided up among half the population—the desperate millions with no more than a third-grade education who are out of a steady job. Not even half of Mexico's labor force was regularly employed in 1980—the fourth year of economic "growth" fueled by oil. "Today is like yesterday," wails the popular song, "in a world without tomorrow."

> How sad the rain beats
> On the tin roofs
> Of the cardboard houses.

Mexico's capitalist economy bristles with paradoxes. An agrarian nation, it imports its tortillas: one fifth of the corn eaten in corn-growing Mexico comes from the United States.

Half the nation's deaths occur without medical attention, yet there are 80,000 medical students, some 20 percent more than in the United States. Some 16,000 doctors are unemployed in greater Mexico City, yet almost half the municipalities have no doctors.

Of the world's 162 countries, Mexico is the tenth largest in population, almost 70 million people. Its potential internal market is huge; it can achieve economies of scale. It has silver, copper, iron, coke, coal, manganese, lead, zinc, mercury, fluorspar, graphite, sulphur, sugar, rubber, tobacco, hemp—and oil! Is it using its riches to develop toward economic independence? No, it wallows in excessive economic dependence on the United States. It suffers from malnutrition for about two thirds of its people, lack of schools and medicine in the countryside, vast slums in the cities, and volcanic discontent seething beneath the surface calm of its "institutional" revolution.

Mexico's economy makes all sorts of consumer goods, from color TVs to cars, from Coca Cola to toilet paper, but it can't make the things that make them: 82 percent of the machines, tools, materials, and spare parts are imported, mainly from the

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United States. Mexico is the United States' third largest trading partner, after Canada and Japan. What would happen if Mexico suddenly faced an economic boycott of the kind Washington laid down against China for 20 years and still maintains against Cuba?

The Mexican government owes $34 billion to foreign banks or U.S.-dominated lending agencies. Those megabucks equal almost one fourth of Mexico's GNP; they add up to a debt so large that every Mexican you meet on the street figuratively owes $1,000 to foreign creditors—more than many Mexicans make in a year. Doesn't the United States have an even larger debt? Yes, but North Americans owe it to themselves, and Mexicans owe it to foreigners. What if the biggies turned the credit screws yet tighter on Mexico, as they did in 1976 in response to nationalist rumblings from the president's office and earlier in the 1970s against the Marxist government in Chile and the nationalistic military junta in Peru?

If Mexico is so vulnerable to foreign pressure, then what went wrong with its celebrated revolution? From 1910 to 1916 the rural masses galloped over field and mountain behind Emiliano Zapata in the south or rode the revolutionary rails behind Pancho Villa in the north, sowing terror in the fattened hearts of domestic and foreign landlords and capitalists. But these landless revolutionaries failed to unite, and urban labor sided with the bourgeoisie to form "red battalions" in 1915 that broke the back of Villa's army and boxed Zapata into the hills of Morelos. Mexico's government slipped into the hands of bourgeois and petty-bourgeois nationalists, a movement of mestizo officers, upcoming lawyers, rural schoolteachers, medium landholders, new industrialists, provincial intellectuals, political bosses, angry journalists, unemployed engineers, and opportunist bureaucrats.

These government men on the make made peace with the U.S. and British oil companies in 1923, opted for a state-supported capitalist road to development, and nailed down their political power during the 1930s when President Lázaro Cárdenas laid the foundations of today's corporate state. Cárdenas nationalized the oil and railways, talked up populism and socialism, and walked among his people without bodyguards.

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Backed by armed peasants, he carried through a big land reform that isolated old-fashioned hacienda farming. Pressured by strikes in industry and agriculture, Cárdenas organized workers, peasants, teachers, and bureaucrats into unions belonging to the new single "revolutionary" party which became today's ruling PRI. With class war raging, reformist leadership kept urban and rural labor separated—the surest guarantee of "stable" bourgeois power.

In the 1940s industrialization strengthened the growing bourgeoisie, and conservative presidents listened to bankers, industrialists, and big landholders. They invited the transnational corporations in to "develop" the country. The Rockefeller-funded "green revolution" got its start in Mexico in 1943, ushering in an era of modern agribusiness. It soon reduced most parcel owners and *ejido* farmers to debt and to sale or rental of their best lands, pushing them into survival farming on the hilliest, least irrigated acreage. (*Ejido* farmers are members of collectives who usually farm individual plots.) Specialized crops for export, for animal feed, or for food processing replaced much acreage of traditional foodstuffs and set Mexico on the road to becoming a huge food importer. In 1952 President Miguel Alemán, symbol of this policy, placed a 30-foot statue of himself at the entrance to the National University.

Today, after 30 years of "development," Mexico's supermarkets brim with goodies made by the transnational corporations. The Aurora Supermarket regularly displays 20 shelves of toilet paper in different brands, textures, colors, and prices. But only one fourth of the Mexicans can afford it: the rest wipe themselves with newspaper or, in the countryside, a smooth stone. The dozens of models of automobiles that choke Mexico City's streets, excreting a veil of smog that envelops the central plateau, are for 13 percent of the people; the rest spend four hours going to and from work on overloaded buses and subways in the inner city or out to the vast university campus that former President Alemán's statue guards no longer.

The students blew it up.

For more than a generation, a growing tide of popular resistance to the corporate state has risen in wave after wave. On September 23, 1941, an army massacre of marching pro-

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testers from the Union of Workers in War Industry left 9 dead and 11 wounded. During 1944-45, spontaneous strikes rolled across the nation to protest the wartime slash in wages and a 300-percent rise in prices. From 1939 to 1946, the worker's wage in manufacturing dropped 50 percent and did not recover its 1939 purchasing power until 1968. In the name of "anti-communism," President Alemán (1946-52) led a withering purge of progressives from organized labor. In 1948 the militant National Railway Workers Union had its leadership replaced by the state-imposed Jesús Díaz de León, alias "El Charro." His alias spread throughout the labor movement, leading to the word *charrismo,* today's common parlance for violence, corruption, and anti-democracy on the part of official labor leadership.

In the countryside the class struggle also sharpened. In 1943 and again in 1953, Rubén Jaramillo, who in his youth had ridden with Zapata, rose in guerrilla war in the south. Jaramillo was both an ordained Methodist minister and a member of the Communist Party. With the Bible outstretched in his palm and a rifle on his shoulder he preached revolution to the peasants. In 1962 Jaramillo, his pregnant wife, and three sons were massacred near their home by army soldiers—yet the land-for-the-tiller movement continued in his name and spread throughout the nation in the late 1960s and 1970s. So the state placed a sculpted bust of Jaramillo's head in the center of one of his favorite Morelos towns. Commented a disgruntled peasant to a visitor to the region in 1977: "Take a close look at that bust: even in supposedly honoring him, his assassins had to cut off his arms and legs."

In the 1950s the Movement of Revolutionary Teachers arose to infuse democratic life into their government-controlled union. Othón Salazar led striking teachers to seize and hold the Secretariat of Public Education. For a month the "little giant," as this silver-tongued Communist was called, urged on the teachers with speeches echoing off the Secretariat's revolutionary murals. The President granted the teachers a 17 percent raise and clapped Othón in jail.

The national railway strike of 1958-59 drew support from teachers, peasants, and other workers. The government broke

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the strike with troops and jailed its Communist leaders. Renowned Communist painter David Siqueiros was thrown in the pen for four years. Strike leader Demetrio Vallejo was not released until 1971; he now leads the decade-old Mexican Workers Party.

In 1964 youthful guerrillas appeared in the mountains of Chihuahua and Sonora, flashing in and out of the forested sierras like shooting stars. They had read Che Guevara and were trying to revive the land reform. The first of many guerrilla bands that were to buzz through the jungles and mountains for the next decade, they and their successors were snuffed out by the armed forces.

Meanwhile, the student movement swelled into the largest demonstrations in Mexican history. On August 27, 1968, half a million people gathered at Mexico City's great plaza, to demand release of the jailed Communist leaders and dismissal of the chief of police. In September the city glittered with sporadic fires, barricades, and overturned buses. On October 2, 1968, as thousands of peaceful student demonstrators were being joined by workers and peasants at Plaza Tlatelolco, grenadiers caught them in a crossfire; hundreds of people were killed and wounded. We have seen unpublished photos of old women impaled on bayonets and children with their heads blown off. The next morning there were 300 coffins on the university plaza.

During the 1970s the state universities exploded, one after another, as students who felt betrayed by the government turned against it: strikes, riots, marches, seized buildings, trashing in the streets. The government hit back, sending armed thugs called *porros* to the campuses and permitting the literal disappearance of hundreds of militants. The left had to arm itself. In 1972 while walking on a campus with one of Mexico's leading (Communist) historians we asked him, "What's that bulge under your coat?" It turned out the gentle scholar was packing a gun.

The southern state of Guerrero went up in the flames of guerrilla war. Genaro Vázquez, its schoolteacher leader who had rallied the peasants in one of the nation's poorest regions, was gunned down February 2, 1972. His successor, Lucio Caba-

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ñas, maintained the guerrilla struggle while winning over students to his Party of the Poor. The guitar-playing Lucio was betrayed and killed in 1974.

From 1969 to 1975 a dozen urban guerrilla groups carried out spectacular actions in the cities. Headlines told of airplane snatchings and bank robberies, of bombs in buildings and millionaires paying ransom, of police shot down in the streets. Military intelligence was given the task of hunting down these guerrilla groups, and by 1975 the back of the armed struggle was broken.

Also suffering state suppression in the 1970s was a militant labor movement calling itself the "democratic tendency," which drew hundreds of thousands of rank-and-file workers into the struggle to democratize the official unions. Many of these militants forced concessions from the bureaucracies in the huge electrical, rail, steel, automotive, and telephone unions. And at the end of 1980 a revived rank-and-file movement erupted inside the National Educational Workers Union—the largest teachers' organization in Latin America.

The number of land takeovers by impoverished peasants rose steadily in the mid-1970s, as did the number of industrial strikes. The gap between depressed wages and runaway prices opened like a scissors and threatened to cut the little people's tenuous hold on life. For many incensed workers, peasants, and slum-dwellers, a wage hike, a piece of land, a roof became a matter of life and death.

As we write, these waves of resistance have flowed into many crevices of modern Mexico, from the most remote Indian backlands facing mass starvation to the sprawling urban shantytowns whose impoverished squatters have organized themselves into a national confederation of "proletarian colonies." While most protest activity remains concentrated at local or regional levels, efforts continue to "nationalize" the struggle—from development of the Supreme Council of Indian Peoples, taking in six million Indian peasants, to the coalition of independent peasant groups formed in 1979 and known as the National Plan of Ayala Network.

Army attacks on "the land invaders" occupying rural and urban lands have become so commonplace as to make Mexico's

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supposedly "apolitical" Armed Forces a daily intimidating presence in people's lives—so much so that since 1976 rumors of a possible military coup have not been unusual. Some of Mexico's 481 "disappeared" people have reportedly been seen in the confines of Mexico City's Military Camp No. 1, drawing the wrathful censure of Amnesty International.

President José López Portillo recognized the volcanic force of the spreading popular resistance and legalized the Mexican Communist Party in 1977, encouraging it and other opposition parties to take part in elections. The Communists have no chance of unseating the oldest continuously ruling political organization on our planet, but the Party's electioneering has given its student supporters something to do besides train for guerrilla warfare, and *el presidente* would rather have them painting slogans on walls than knocking off banks.

Unlike the shyster lawyers, ex-football players, Baptist Sunday-school teachers, and movie actors who reach the highest office of the United States, directors of Mexico's ruling party are genuine political masters who meticulously plot to retain power. From 1970 to 1976, President Luis Echeverría felt the social volcano rumbling beneath him. So what did the master politician do? He spouted anti-imperialist and radical rhetoric, ranted against the transnationals, threatened a tax reform, funded collectivization of the *ejidos,* and steered some of the nation's trade toward Europe and Japan. He even oversaw the incorporation into school textbooks of "dependency theory." A friend of ours has a 12-year-old son who gained admission into one of the few junior high schools by correctly answering such state-exam questions as the following:

> Most Latin American nations suffer from lagging development because:
> (a) they have traditional systems of government,
> (b) their natural resources are not well exploited,
> (c) they are economically dependent on powerful countries,
> (d) they are in tropical areas with health problems,
> (e) the demographic explosion undermines progress.

If (c) is really right, some 12-year-old Mexicans must know more about development economics than Nobel Prize winners like Paul Samuelson.

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A few on the left, taken in by Echeverría's rhetoric against dependency, rallied to his verbal crusade. But only the business community really took him seriously. By 1976 $4 billion had fled the country, the transnationals had cut back investments, and economic growth had ground to a halt. The president caved in to the International Monetary Fund (IMF), which in 1976 imposed a 100-percent devaluation of the peso and rigid economic conditions favorable to monopoly capital in exchange for future Mexican "credit credibility." Echeverría saved radical face by returning lands of Sonoran landsharks to their original peasant owners—provoking an employers' lockout and ending his term in a political crisis.

President-elect José López Portillo, nicknamed "Don Pepe," informed the public: "I find the country on the edge of violence." Pundits shook their heads over the cards Echeverría had left him: economic crisis, angry capitalists, and a hostile big neighbor. Don Pepe smiled and played his hand. He announced that all along Mexico had been sitting on a sea of oil.

Carter came gladhanding down for a visit, the IMF opened its fist with a loan, the international bourgeoisie licked its chops, investment flowed back into Mexico, and employment began to rise, at least in the industries of the state oil complex, PEMEX. In 1976 Mexico had still been importing oil, although, as Echeverría later admitted, the ruling party had long known that the country was the Arabia of the Caribbean. Why had the rulers kept the oil a secret? Precisely because they were and are old political masters. They had watched Iran sliding into chaos, its galloping inflation, its massive food imports, its torture and terror, its rising discontent. They saw the handwriting on the wall before the Shah did. In Iran, victim of an oil boom, they saw a possible image of their own future. "Oil?" they said to the world in the early 1970s. "Why we hardly have enough to meet our needs."

To explain what an oil bonanza can do to a country like Mexico, we must recount a tale of corruption that would make even Nixon gasp. So-called underdeveloped countries suffer the legacy of their colonial past. The way a colony works is simple: investors, officers, and bureaucrats from the mother country stream into a captured land to plunder and administer

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it. Before going home they exploit the natives in the mines, fields, and factories; dip into the honeypot of public funds; and slice off tariffs and taxes for themselves. The natives learn from their masters: government means stealing. The idea remains in the culture long after the Europeans go.

Once a colony becomes independent, the native bureaucrats move up to the big money. Government is theft, and the new big bureaucrats soon have villas, servants, and swimming pools. The new petty bureaucrats, paid small salaries in a looted economy, learn to make up the difference as the pullulating bureaucracy prescribes (and sells) licenses of all kinds. In imperialist countries you pay officials not to do their jobs, but in ex-colonial countries you have to bribe them to do what they are employed to do.

Mexico's government is a permanent Watergate. There is an unwritten rule that once you reach the top posts you can filch public money without serious fear of reprisal. The bureaucrats on the lower rungs have to be careful, but they get what they can. From 1946 to 1952, for example, the excuse of these revolutionary bandits was on the lips of all: "President Alemán leads and I follow." Nixon's administration was all boy-scout compared to theirs.

Mexico's oil belongs to the government. An oil boom would mean big injections of money into the corrupt bureaucracy, money leaking all over the economy to fuel inflation. Prices would fly out of sight; the misery of the masses would increase. In desperation, the poor might take to the streets to bring down the government.

But can't the oil benefit the poor? Won't the money pay for their medical care by the state, their housing in government apartments, and their education in public schools? It could. But how can it go for the people's needs if the bureaucrats spend it on wine, women, and song? How can monopoly capital prosper without the low wage scale guaranteed by the continued existence of the reserve army of unemployed? And capital depends in part on the surplus value directly produced or realized by the hiring of the impoverished as vendors, mes-

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sengers, seamstresses, carpenters, shopkeepers, carriers, strikebreakers, sweatshop workers, and factory hands.

By 1974 President Echeverría knew about Mexico's treasure chest full of black gold, but he and the inner circle of the ruling party realized that once their bureaucratic pirates broke open the chest, the pitching ship of state would stabilize only to drift toward the rocks. So they locked up the oil story in the presidential cabinet and continued their verbal assaults on the transnationals "looting" Mexico. Looting? Yes, in the 1960s foreign investors tripled their investments, sucking out of the country almost $3 billion, or three times the amount of their new investments. Let's pick a recent year, say, 1977. Profits from direct foreign investments plus interest payments on the foreign debt came to $3.5 billion—almost the value of Mexico's total exports.

By 1976 the transnationals and Mexico's super-rich had rejected Echeverría's demagoguery, pulled out their capital, and knocked the economy flat—it seemed that Mexico was down for a long count. So incoming President López Portillo took a first step into the arms of temptation—he broke the oil story. But he placed a low ceiling on production and promised that Mexico would not use the oil to service its debt or pay for corn imports. Four years later, with Mexico importing a quarter of the food for its people, the president again yielded to temptation: oil money started going for the debt and corn. Are these the first steps toward an Iran-type eruption? The government says "no" and claims that its new 1980 Law of Agrarian Development will make Mexico self-sufficient in food in two years. But by allowing private landholders to merge with *ejido* farmers, the law's more likely result will be to further concentrate wealth and fan the flames of peasant revolt.

To ease its dependence on the Middle East, the United States seeks a green light for vast production by PEMEX. Asking López Portillo for the go-ahead signal, Carter repeatedly told Mexicans that the United States was their "friend." The old master, however, remembered Metternich's warning that a nation has no permanent friends but only permanent interests: he politely refused.

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Carter was a "nice guy." Reagan implied during his 1980 campaign that he would stop being nice and twist arms wherever necessary. Can Reagan twist the Mexican eagle's wing without getting spiked by the cactus?*

U.S. unions and racist whites are complaining about "millions" of Mexicans swimming into the land of the free and home of the brave. These migrants, whose numbers are actually much fewer, find temporary work in the colossus of the north. After they cover living expenses and pay off the traffickers and loansharks involved in their migration, they carry back part of their wages to Mexico for their families. By feeding their families in this way they help to reproduce the labor force at no cost to capital. The annual migratory flow also provides cheap, nonunion labor to U.S. agribusiness, hotels, restaurants, automotive plants, electronics factories, and textile producers who depend on such labor at set periods of time.

How long will the majority of Mexicans put up with being exploited by the super-rich on both sides of the border?

Reagan can allow the "illegals" to go on cleaning toilets in Houston, packing meat in Chicago, picking crops in the Imperial Valley, and assembling parts in Los Angeles in exchange for the green light on oil. Will President López Portillo or his successor yield to temptation once more and hand it over?

In *Die Dialektik des Vulkanismus* (Leipzig: Rote Fahne Verlag, 1980), Otto Langenscheidt has a paragraph that Mexico's president might find interesting:

> A volcanic eruption is usually preceded by certain symptoms, of which the most common are local earthquakes, subterranean noises, and changes in the temperature of springs near the crater. It is self-evident that at great depths the pressure due to the weight of overlying rock must be enormous, and it is quite sufficient to drive magma to the surface with explosive violence if a passage is opened for it.

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* Mexico's national emblem is an eagle perched on a cactus.—Ed.

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ANDRE GUNDER FRANK

Reflections on the World Economic Crisis

In this book, Frank argues that the world has entered upon a profound crisis in the process of capitalist accumulation, one that will bring with it major shifts in the international and intersectoral divisions of labor, and will therefore give rise to sharpened international contradictions and deepening class polarization within nations. A substantial preface includes Frank's candid reconsideration of dependency theory in the light of the current international reality. The book will prove valuable reading for students of economics, politics, and development studies and for all interested in the current state of the world economy.

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BOOKS

RESISTANCE AND ACCOMMODATION

By Joan Greenbaum

Industry and Labour, Class Struggle at Work and Monopoly Capitalism by Andrew L. Friedman. Atlantic Highlands, N.J.: Humanities Press, distributors, 1977. $19.00, paper $9.50.

One of the benefits of starting a new decade is the license to summarize the bright spots of the old decade and make optimistic predictions for the new one. Andrew L. Friedman's *Industry and Labour, Class Struggle at Work and Monopoly Capitalism* is a book that lends itself to a reviewer's doing this, for it deals with the ever-present issues of management tactics and worker response. The book grows out of the rich heritage of Harry Braverman's *Labor and Monopoly Capital* in its focus on changes in the labor process. Friedman outlines historical developments in worker-management actions from the 1780s to the 1970s and uses British industry case-study data to support his arguments. His studies of the nineteenth-century silk and hosiery industries and the twentieth-century car industry tell us a good deal about the interactions of worker response and managerial counterpressure. Friedman steps outside Braverman's framework to focus the camera on the workers as primary actors in the dynamic dramas that take place on the shopfloor. This focus on worker actions is an interesting one and adds some helpful detail to the essentials traced by Braverman, yet in the end it leads Friedman to some seemingly shortsighted conclusions.

As an economist working with the Coventry Community De-

Joan Greenbaum teaches at LaGuardia Community College in Queens. She is the author of *In the Name of Efficiency* (Philadelphia: Temple University Press, 1979), which looks at changes in the data-processing labor process and workers' responses to them.

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velopment Project in England, Friedman finds that mainstream solutions to the problems of urban poverty do not work. The Coventry Community Development Project (CDP) was funded to study the links between the industrial structure of Coventry and the socio-economic characteristics of the area. Typical of the problems faced by American community-development projects in the 1960s and 1970s, the Coventry CDP set out to "explain" the existence of poverty amidst plenty, using neoclassical models. Friedman is, of course, rightfully dismayed at attempts by social scientists to explain away poverty within the Coventry area as being due to such factors as local residents' personal characteristics, bureaucratic malfunctions of local government, and unequal distribution of resources. The book's focal point springs from the depth of this problem. Discouraged by the neoclassical concern with optimal resource allocation, Friedman set out in 1974 to reexplore the terrain of Marxian theory in search of clues to this dilemma, proceeding to an analysis of industry and firm-level situations to uncover the real dimensions of this quandary. He argues that Coventry is left as a pocket of poverty not as a result of poor management, but as a conscious design within the workings of monopoly capital. He extends this analysis to examine how monopoly capital in general, and certain industries in particular, treat different groups of workers differently, thus perpetuating poverty and privilege within the same system.

Friedman addresses his attention to the ways center and periphery industries and firms create separate and unequal working conditions. He is especially interested in the ways in which management tactics and worker response vary depending on a firm's monopoly position.

Using a center-periphery distinction he describes center firms and industries as those mature industries with a high degree of monopoly power, and center workers as those whose skills or power enable them to hold more permanent, high-paying jobs. The scope of the book covers both a theoretical and an empirical problem. He sets his theoretical concern in a search for a dynamic framework in which to analyze the problems of long-run inequality. Clearly rejecting the neoclassical framework, he attempts to apply and further develop a Marxian analysis. The empirical concern focuses on the "persistence of areas of deprivation alongside areas of prosperity within cities or regions in spite of general prosperity in advanced capitalist countries . . . and in spite of government efforts to alleviate these disparities." (p. 1) While it is all well and

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good to undertake a search for theoretical underpinnings to empirical problems, Friedman presses his search too far. The part of the book that is grounded in the empirical study is clear, well written, and informative. The part that ventures beyond, to attempt a "major theoretical addition to Marx's framework," is laden with problems. Let us deal with the good points first.

Friedman sees that "the job of maintaining managerial authority over workers is not automatic and is not straightforward." (p. 265) While worker resistance has not been strong enough to overthrow the capitalist system, it has "forced accommodating changes *within* the capitalist mode of production." (p. 4) It is these changes within the capitalist mode that Friedman describes. Basically he outlines the two different strategies management has developed to deal with workers. The first, which he calls Direct Control, follows the paths laid down by Frederick Taylor's Scientific Management. This strategy relies on close supervision and strict control of workers. The second management posture, called Responsible Autonomy, allows workers more leeway in their minute-to-minute activities and is probably closer to the newer managerial philosophies of human relations and management science. The strategies are polar examples of the tactics in management's bag of tricks against worker resistance. His discussion of when and why management uses options within the Responsible Autonomy strategy helps shed some light on what actually takes place. For example, he argues:

> Perhaps the most visible change in the state's role in buttressing managerial authority is the greater sympathy of the state toward responsible autonomy strategies. . . . Thus the state, especially during the twentieth century, has been particularly active in co-opting trade union leaders formally through state institutions (such as conciliation boards and the Labour Party), and in co-opting lower-level worker organisation during times of crises (such as the shop stewards' movement during wartime). (p. 131)

Friedman details the ways that the types of strategy management used are dependent on both the level of the class struggle (degree of worker resistance) and on the center-periphery relations of the firms and industry (degree of monopoly power). Management is constantly on its toes, constantly adjusting its tactics. The outcome is a situation where management uses Direct Control strategies on certain groups of workers and Responsible Autonomy on others, at different points in time, further dividing the working class and intensifying problems of uneven development. In a de-

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scription of the auto industry in the 1970s he shows how management's strategic choices depend on market position and worker strength:

> The major change in managerial strategy toward Coventry's car workers, which began in the late 1960s, must be understood in the context of their central position with the British car industry and the Responsible Autonomy strategies, which were pursued towards them during the three previous decades. During that time Coventry workers had built up strong shop-floor organisations to protect their central position. In part these organisations were based on the shop stewards. But in part the organisations were even more informal, based on the small work groups themselves encouraged by the gang system. . . .
>
> During the 1950s and most of the 1960s bargaining over wages was carried out between ordinary stewards or gangers and low-grade managers in Coventry and Birmingham factories. The managers, often anxious to avoid a dispute, allowed piece-rates to rise in proportion to the militancy of the workers involved. (p. 233)

By the early 1970s, however, the car industry was in trouble. Management perceived that it lacked the flexibility to respond to changing market conditions, in part because the labor process and the wage system were controlled on the shopfloor. In their response top managers at Chrysler and British Leyland attempted

> to impose a *limited* Responsible Autonomy strategy of participation by senior shop stewards in some decision-making bodies within the firms. Recent participation schemes are a far cry from the extensive Responsible Autonomy schemes represented by the gang system in Coventry. In effect participation has meant the withdrawal of Responsible Autonomy strategies from shopfloor workers and ordinary shop stewards, and concentration of co-option strategies on the senior shop stewards, particularly the conveners. (p. 235)

In describing these changes, *Industry and Labour* illustrates the ways workers are treated differently both on and off the job. For example he tells us that "peripheral workers will earn lower wages and be laid off more frequently than central workers, as well as suffering the greater oppression engendered by direct control managerial strategies." (p. 8) Lower earnings place them in less desirable housing situations, and lowered workplace control leaves them less able to participate, and less interested in participating, with other forms of decision-making.

Little of this is new, but the intricacy with which Friedman documents it is fresh and detailed. While he spends a good deal of

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time examining worker resistance to management strategies he is careful to point out that "the double-edged nature of resistance which challenges only aspects or *symptoms* of capitalist social relations (low wages or poor working conditions), rather than the wage relations itself, is emphasized. While trade unions do redress some of the power imbalance within productive activity, they also reflect that imbalance." (p. 6)

We can see from his descriptions that pockets of poverty are perpetuated by the way workers are treated within the labor process and within the labor market. It is also clear that while worker resistance is an important force in shaping management strategy, it does not change the fact that management holds the power.

But Friedman takes an extra step beyond his empirical data to venture into what he sees as an addition to Marxian theory. And it is here that the book is weak. For this reviewer his problems stem from first putting worker resistance in the driver's seat and then using the power of worker resistance to redefine the value of labor power. In the first instance he apparently sees the need to build his Responsible Autonomy examples by knocking other arguments out of the way:

> Generally Marxists have treated the Direct Control strategy as *the* theory and practice of capitalist control over productive activity. This is a mistake. The mistake follows from a failure to appreciate the importance of worker resistance as a force provoking accommodating changes in the mode of production, and the mistake leads to a technological deterministic view of capitalist development. The most recent and important example of this is Braverman's work. . . . (p. 7)

But Braverman quite nicely refused to allow himself to fall into this trap. In his chapter on the Habituation of the Worker he argued:

> The hostility of workers to the degenerated forms of work which are forced upon them continues as a subterranean stream that makes way to the surface when employment conditions permit, or when the capitalist drive for a greater intensity of labor oversteps the bounds of physical and mental capacity. It renews itself in new generations, expresses itself in the unbounded cynicism and revulsion which large numbers of workers feel about their work, and which comes to the fore repeatedly as a social issue demanding solution. (*Labor and Monopoly Capital,* p. 151)

Braverman saw worker hostility as an active motivator in the dynamics of the capitalist mode of production. He never argued

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that workers lay down and died when management strategies and management-induced technology were brought in the door. Rather, he painted a picture that outlined the shape of these changes. The fact that Braverman examined management actions while Friedman wants to turn to worker resistance does not undo Braverman's work.

Friedman's larger debate, however, is with Marx. He feels that Marx "did not deal systematically with changes within the capitalist mode of production which are the outcome of class struggle." (p. 4) Using this as his starting point, he asserts that "the value of labor power should be thought of as the *outcome of struggle* rather than a *reflection of need*." (p. 270, emphasis added) Marx, he thinks, placed too much attention on the value of labor power as "the labor time necessary to produce the subsistence goods socially necessary to maintain and reproduce workers." (p. 267) Friedman sees this definition as being divorced from struggle. Failing to recognize that Marx wrote about the value of labor power as being determined historically and morally, Friedman gets caught in his own literal interpretation of Marx. If we are to dismantle the credibility of neoclassical economic "solutions" (as he does throughout most of the book), I think we should attack the fallacy of those "solutions" and not allow outselves to get waylaid in literal or static interpretations of Marx.

Industry and Labour is generally well written and carefully presented. The fact that Friedman's enthusiasm for his theoretical problem sometimes leaps beyond the range of his empirical findings does not lessen the impact of the book. Though some Marxists have overlooked the role of worker resistance in forcing capitalist accommodations, I don't think Friedman's attention to worker resistance is a "major theoretical addition to Marxist theory," (p. 5) as he suggests. But his emphasis on worker resistance is a helpful step in developing labor-process study, even if sometimes he tends to go a little too far in stressing its explanatory power.

Looked at on its empirical side, Friedman's book gives us a good base for further examination of the labor process through an interactive analysis of management and worker actions. Labor-process study can help us see how workers respond to management tactics and how these responses force accommodations from capital. It also points in a direction where we can recognize the initiative and creativity of worker relations. By examining these social relations, we can begin to learn more about alternative or shop-floor relations where power relations are not spelled out the way capital defines them. And maybe we can grow a little more confident in

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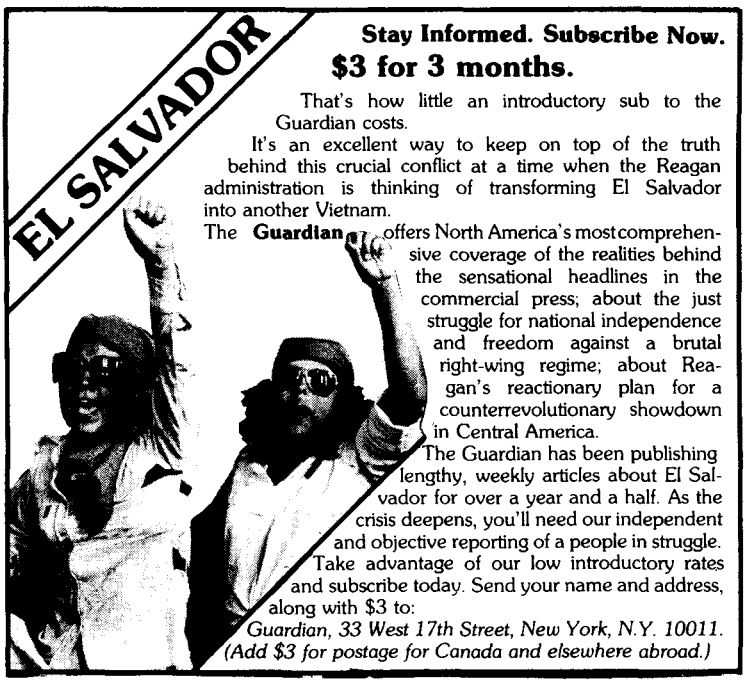
our abilities, as workers, to establish non-capitalist ways of relating to one another. But in any study of the labor process we need to be careful to see that these instances of worker resistance and power are necessary, but not sufficient, to force capital out of the driver's seat.

Despite work humanization schemes and management efforts at introducing some forms of worker participation, the seventies have been marked by worker discontent. As Friedman points out, the characteristics of changing labor processes and ensuing worker dissatisfaction are more than trends. The shift toward rationalized and therefore controllable labor processes is necessary for capitalism to survive. Worker resistance has forced changes within the capitalist mode of production, but has not propelled us toward another mode of production. The economic crisis of the eighties shows us again that in the face of the disciplining effect of rising unemployment, worker discontent and resistance do not fade. But how we channel that resistance is an important question. If we examine the labor process with an eye toward understanding better the nature of resistance and the worker-based social relations it builds within the capitalist mode of production, we will be in a position to assess and shape our choices realistically.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CORRESPONDENCE

THE CHARACTERISTICS OF CAPITALISM

By C. L. R. James

In the November 1980 issue of MONTHLY REVIEW (p. 2) Paul M. Sweezy defines capitalism as follows:

The economic foundation of capitalism has three determining characteristics: (1) ownership of the means of production by private capitalists; (2) separation of the total social capital into many competing or potentially competing units; and (3) production of the great bulk of commodities (both goods and services) by workers who, owning no means of production of their own, are obliged to sell their labor power to capitalists in order to acquire the means of subsistence. In Soviet-type societies two of these three determining characteristics [the first and second] have been eliminated.

Long before any Soviet-type society, Marx had carefully eliminated those two "determining characteristics" from his analysis of capitalist society. In the French edition of *Capital* he added the following:

Centralization in a certain line of industry would have reached its extreme limit if all the individual capitals invested in it would have become amalgamated into one single capital. This limit would not be reached in any particular society until the entire social capital would be united, either in the hands of one single capitalist or in those of one single corporation.

This passage was incorporated in the third German edition from which the first (Moore and Aveling) English translation was

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made (Kerr edition, p. 688). And in the fourth German edition which contains certain changes and additions made by Engels and which forms the text from which later English translations were made (e.g., the most recent by Ben Fowkes, Penguin Books, 1976), the following occurs:

> In any given branch of industry centralization would reach its extreme limit if all the individual capitals invested in it were fused into a single capital. In a given society the limit would be reached only when the entire social capital was united in the hands of either a single capitalist or a single capitalist company. (Fowkes translation, p. 779)

It is therefore obvious that for Marx the national economy in the hands of one single corporation does not alter the foundation of the capitalist society. This foundation is the fact that the dominating feature of capitalist production is that the worker in production is a commodity.

Paul Sweezy Replies

To treat these two passages as proof that Marx "carefully eliminated" the separation of the total social capital into many competing or potentially competing units "from his analysis of capitalism" seems to me far-fetched in the extreme. They are merely statements of the "extreme limit" of possible centralization, and there is no implication, there or anywhere else in his writings, that he expected this limit to be approached, let alone reached. It is perhaps also pertinent to add that today, after more than a century of centralization on a scale far more massive than anything in Marx's time, capital in the United States, the most advanced capitalist country, is divided among more than two million corporations, not to mention some twelve million partnerships and individual proprietorships. For Marx the laws of motion of capitalism were realized through competition (the mutual pressure of capitals on each other); and, as argued elsewhere in this issue of MR (pp. 1-16 above), this remains as true today as it was a hundred years ago in spite of the fact that the forms of competition have changed.

My contention about Soviet-type societies is that these mutual pressures, while not totally eliminated, have been so reduced by the comprehensive nationalization of the means of production that the system no longer obeys the same laws of motion as capitalism does. The pressures which dominate the laws of motion of these

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societies—if indeed it is any longer helpful to speak of "laws" in this connection—are focused in the political sphere, not in the economy. This in no way conflicts with the principles of historical materialism, which of course cannot and should not be confused with the laws of capitalism; and it carries no implication that the exploitation of labor has been eliminated from Soviet-type societies.

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"WAS MARX A BLACK MAN?"

Comments by Readers

I

Herbert Vilakazi's essay "Was Karl Marx A Black Man?" (MONTHLY REVIEW, June 1980) was a very interesting piece of reading. Yet, it never raises the more serious questions that surround his speculative hypothesis. It seems that the more relevant question would be something like the following: *In what way does being black have a bearing on Marx's science?* Does the possibility of Marx being black have anything to do with his major scientific discoveries? What does being black have to do with, for example, the findings of Marx that relate to the fact that surplus value must increase if the aim of capitalist production is to progress? Does this hypothesis of Vilakazi's have any connection whatsoever with the important work by Marx on the "Irish Question"? How significant is this hypothesis in relation to Marx's analysis of U.S. slavery and the Civil War? Marx's insight, again on slavery, in the *Poverty of Philosophy* is important—does his being black have anything to do with this? If Marx was a black man, does this have any bearing on the important chapter 25 in *Capital* entitled "The So-Called Primitive Accumulation," where he breaks with Eurocentric thought by demonstrating that the accumulation of capital has a prior accumulation—that is, this prior accumulation anticipates capitalist production proper and in many instances takes place in what we now call the "Third World."

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Marx, in going to the core of the question on the nature of the global economy, understood that primitive accumulation is structurally related to capitalist accumulation. Need he be black to have made this important discovery? The often-quoted sentence by Marx, "The veiled slavery of the wage-workers in Europe needed, for its pedestal, slavery pure and simple in the new world," suggests some insight into the meaning of world-wide oppression. It would have been interesting to learn from Vilakazi if Marx's racial makeup helped him to see this.

The dean of black scholarship, W. E. B. DuBois, often said that one need not be black to analyze critically the problems that beset Black America and elsewhere in the nonwhite world. But DuBois did say that one need have some awareness of these problems to conduct an analysis and not simply as an armchair sociologist.

As this relates to Marx, it is evident to those who take the time to read him that he understood oppression, brutality, and the mechanism which carried out these forms of crimes against working people. Does the color of his skin (and this is where Vilakazi leaves his analysis) figure into his world-view? I think not. On the face of it this seems unlikely. The assertion that Vilakazi makes would have been strengthened had he concerned himself with relating Marx's science to his racial makeup—the same way that we cannot understand the position of blacks in the U.S. political economy without understanding their class position also.

Earl Smith

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II

Vilakazi's question "Was Karl Marx a Black Man?" is irrelevant. That he thinks it important is a measure of the devastation of minds by white racism. The essence of racism is the thesis that differences in mental abilities and in moral behavior of individuals are determined by genetically transmitted differences in physique such as structure of bones and hair and color of skin, hair, and eyes. There is not a shred of evidence to prove this thesis. Any attempts to ascribe laudable or represensible charac-

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teristics of any individual to his or her race are absurd, including Vilakazi's attempt to prove that Marx—and Lassalle and Lafargue in the bargain—were "black men."

It is of course probable that the physical characteristics of Karl Marx which earned him the sobriquet "the Moor" are the result of "mendeling through" of the genes of a member of the "black" race among his ancestors. If this makes him a "black man," then the many American "blacks" who have "white" men among their ancestors are all "white men" (or women).

Mr. Vilakazi takes as gospel truth the writings of J. A. Rogers. I am not familiar with this author, but the passages quoted are demonstrably false; e.g., "Thereafter [982 A.D.] they dominated most of it [Italy] for years and parts of it until the thirteenth century." While the Omayad Empire completely dominated the Mediterranean from the ninth to the eleventh century, raided the coasts of France and Italy and established outposts there, it never dominated "most of Italy." With the Norman conquest of Sicily and the naval victory of Pisa around 1100 A.D., it lost control of the sea. I wonder to which "parts" of Italy Rogers may refer for the thirteenth century.

More serious are the alleged quotes from a "letter of Marx to Engels, dated March 7, 1856," containing references to Lassalle as a "Jewish nigger" with "wooly hair" and "obvious from the shape of his head and the way his hair grows that he is descended from Negroes." In my German edition of the Marx-Engels correspondence (Marx-Engels-Lenin Institute, Moscow 1937) I find a letter from Marx to Engels of 5 (not 7) March 1856, with an extensive discussion of Lassalle's behavior, with no reference whatsoever to his physical appearance. In Engels' reply to Marx of March 7, 1856, there is the following sentence: *"Dann diese Sucht, sich in die vornehme Welt einzudrängen, de parvenir, wenn auch nur zum Schein, den schmierigen Breslauer Jud mit allerhand Pomade und Schminke zu übertünchen, waren immer widerwärtig."* ("Then what was always disgusting was his longing to push himself into the distinguished world, to arrive, if only in appearance, to paint over the greasy Breslau Jew with all kinds of pomade and greasepaint.") It is moot whether the "pomade and greasepaint" stands figuratively for mannerisms or is to be taken literally; in no case does it indicate a "Negroid" appearance.

Hans Blumenfeld

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III

I can't comprehend why you would think it was worth valuable MR space to consider Marx's "race." He was human and socialist. That's what counts, not his genotype. Since I'm not a racist, I wouldn't in the slightest degree be "disturbed" in my "conviction" that Marx was "black," "white," or whatever. (p. 45) It just doesn't matter; it has no political implications. Also, if Vilakazi is right (and I think he is) in suggesting that terms like "white," "black," etc., are misleading because of the common origins of mankind and the historical mixture of genotypes, then one wonders why he continues to use these terms. His use of them, even when put in quotes, is confusing, given his premises.

For those people—like Vilakazi—who are concerned about people's "race," it is probably false that "according to the criteria of racial classification used by the common person in the USA, Karl Marx would be classified as black." (p. 43) Vilakazi bases his conclusion *entirely* on what "a number of black students" said on the basis of "having looked at [a singular] photograph of Marx in a textbook." Of course, there are several photos and depictions of Marx, and I took a few minutes to ask 20 people (white, black, students, teachers) if they thought these pictures (of Marx at different ages) depicted a "black" person. No one said so. I am aware that this is hardly an adequate sample of opinion of the "common person in the USA," but I suspect that it is a better one than that provided by Vilakazi.

At any rate everything that Vilakazi says about what a few European friends and relatives called Marx ("the Moor," because Marx had a swarthy complexion) is *completely irrelevant* to the stated thesis that Marx was "black" according to the criteria used by the average citizen of the USA. The most amazing leap of logic comes at the end of the article where Vilakazi's allegation that Paul Lafargue was "black" is supposed to demonstrate "an additional, interesting connection between Marx and the 'black race.'" If Lafargue was "black," this only shows that Marx was the father-in-law of a "black" man, not that Marx was "black." Why is this connection supposed to be "interesting"?

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IV

Do MR readers have to be persuaded that persons of negroid ancestry are as likely to be intelligent—intellectual giants for that matter—as anyone else? And if a few still stand in need of persuasion, just what principle has Vilakazi proved by pointing out Marx's Negroid features? Lenin had a rather Mongoloid cast of features: What does that prove? Marx and Lenin did not make their intellectual and political contributions as mestizos or as members of oppressed racial minorities, but were identified as German and Russian respectively.

Whatever Vilakazi is seeking to prove—and he doesn't make it clear—his elementary acquaintance with the field into which he has ventured does not inspire confidence. He relies heavily on J. A. Rogers (born 1880), "the greatest scholar to date on the black race." In fact, Rogers was the epitome of disregard for scholarship. (An extreme example of his method: A certain Iranian monarch over two millennia ago had many wives. Conclusion: "He might have been a Negro.") Following Rogers, Vilakazi equates *Moor* (Westerner, native of the Mediterranean facing countries west of Egypt) with *blackamoor,* as if all Africans must needs be black. Quite obviously, most north Africans are not black Africans, even though all north Africans, and all Europeans too, must certainly have some black African ancestry.

Instead of examining the testimony of skeletal remains, mummies, portrait paintings, and sculpture for evidence of the actual racial composition of the Egyptians over the centuries, Vilakazi in footnote 23 "proves" that ancient Egyptians had black skins and wooly hair by citing Herodotus, who wrote that the Colchians were of Egyptian descent, and *they* had black skins and wooly hair. Colchis, of Golden Fleece fame, is now a part of Georgia—and somewhere along the centuries since Herodotus, Joseph Stalin's ancestors must have traded in their wooly hair for curling pipe-tobacco smoke.

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The Editors Reply

The foregoing selections from letters are only part of MR readers' reaction to Herbert Vilakazi's article. For some time after the article appeared, when we personally met readers a discussion frequently developed about this article. What was especially interesting about these discussions was the way responses differed according to the color of the speaker. White readers tended to be either critical or expressed curiosity as to why such an article was published. Black readers, both American and African, were generally most enthusiastic and thanked us for the article.

The extent and the intensity of the reaction did not come as a great surprise. We too had reservations about the article and we vacillated about using it. In fact, we first rejected it. After all, the question of Marx's blackness was clearly a matter of pure speculation, not something that could be proved or disproved. We did, however, think that the hypothesis was an intriguing one that deserved airing. At the same time, MR did not seem to us to be the most appropriate outlet for it. We therefore wrote the author telling him that we liked the article but that he should seek a more suitable journal for its publication. But Vilakazi was not prepared to accept our rejection. He forcefully argued that we were wrong and in the end convinced us to reverse our original decision.

One of the arguments advanced by Vilakazi for the publication of the article in MR was that it would help teachers in black studies programs to overcome the resistance of many of their students to the study of Marx. A common reaction among black students is, "Why do we need to learn from whitey?" We later heard from other black teachers that they frequently came up against the same kind of resistance.

Those who in the above letters advance the rational argument about the irrelevance of a person's real or imputed race to accomplishment miss the main point. There is and can be no dispute on this score. Nor is there any hint in Vilakazi's article that Marx's or Lassalle's blackness or whiteness had any bearing on the quality or validity of their work. Given this undeniable fact, it is easy for white progressives and radicals to wonder why the question of race should be raised at all in this context. As far as they are concerned they are, or think they are, color-blind and believe that everyone else should be too. The trouble with this position is that it ignores the racism of our society. Unfortunately, the ravages of racism cannot be wiped out by thinking pure thoughts.

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One of the decisive features of the thoroughgoing domination by whites over blacks in capitalist society, has been the brainwashing of blacks into believing or suspecting their own inferiority. As part of their struggle for liberation and self-determination, it is only natural and proper that blacks should challenge the authority and superiority of white culture. The process of learning to select from white culture what is valuable and useful and to discard the poison is a long and complex one, involving practice as well as theory. It seems to us that this learning process can only be made easier if whites as well as blacks are continuously reminded of the intermingling of races in our heritage. And if taking note of the possibility that some of the leading founders of modern socialism may have had black as well as white ancestors helps to dramatize that fact, so much the better.

We don't think it would serve a useful purpose to use this space to discuss each and every point of criticism raised in the above letters. But one item needs to be straightened out. Hans Blumenfeld is correct in challenging the supposed citation from Marx about Lassalle. The letter quoted by Vilakazi, using Rogers as a source, was indeed from Engels to Marx and not the other way around. Furthermore, the quote contained statements Engels did not make in that letter. Nevertheless, the point Vilakazi was trying to bring out about Marx on Lassalle was essentially correct, as shown by the following from Marx's letter to Engels of July 30, 1862: "It is now fully clear to me that he [Lassalle], as shown by the structure of his head and his hair [*Haarwuchs*], is descended from blacks who joined Moses' flight from Egypt (unless his mother or his grandmother on his father's side crossed with a nigger [sic])." (Marx and Engels, *Werke,* vol. 30, p. 259)

The profound hypocrisy and inherent barbarism of bourgeois civilization lies unveiled before our eyes, turning from its home, where it assumes respectable forms, to the colonies, where it goes naked.

—Karl Marx, *New York Daily Tribune,* August 8, 1853

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(*Continued from inside front cover*)
possible what questions and issues they would like to see dealt with. We won't make any promises, but even where we don't feel knowledgeable enough to make a useful contribution, we may be able to enlist the help of others who can.

There is another way that readers can help MR, as demonstrated by the following. A member of the Associates from the Pacific Northwest drafted a personal letter to friends and acquaintances, urging them to subscribe to MR and explaining why. He sent this draft to us accompanied by a list of names and addresses (and a check to cover costs of reproduction and postage), and we mailed copies along with a free sample issue of MR to those on the list. That was a couple of months ago. So far we have received 11 subs, and they are still coming in. We were more than a little surprised by the effectiveness of the procedure and have naturally wondered if it could be successfully repeated and, if so, on how large a scale. If enough of you will cooperate, we can put the matter to a decisive test.

Larry Lifschultz, author of "The Problem of India" in the February issue of MR, showed the article to Samar Sen, the editor of *Frontier* magazine which figures so prominently in Lifschultz's account of Indian left politics during the 1960s. Samar Sen called attention to a number of needed corrections which unfortunately did not reach us in time to be incorporated in the printed version. The passage beginning on line 13 of page 12 and running to the end of the paragraph should read: "He [Samar Sen] worked for many years in a number of established firms such as All-India Radio and Calcutta's *The Statesman*, with an interim sojourn in Moscow translating Russian literary classics into Bengali. In the mid-sixties he ultimately resigned as a joint editor of the *Hindustan Standard* after it published a series of rabid communal reports on Hindu-Moslem tensions. Free of the *Standard*, he established a weekly called *Now* which ran on a shoestring but was read like a lifeline by progressive circles in Calcutta and elsewhere in India. After political disagreements with some of its main financial backers, Sen was kicked out of *Now*. He re-emerged with the weekly *Frontier* in 1968. The shoestring was even thinner, but the readership was more avid than ever." On the first line of page 13 "March 1967" should read "May 1967." Finally, the last sentence of footnote number 9 on page 22 should read: "For anyone seriously concerned with these questions and with a more detailed description of this important decade in India, including a closer perception of how the Sino-Soviet dispute cast its shadow on the politics of Third World Communist parties, Shankar's Ghosh's work *The Naxalite Movement* and Sumanta Banerjee's *In the Wake of Naxalbari* should be essential reading."

A reader in New Mexico writes: "Perhaps for some of us in the hinterland, who find few to talk to about matters Marxist, a circle of correspondents would be a useful development." If any other readers are interested, we would be glad to pass their names and addresses along to our correspondent.

A couple of announcements:

(1) The Marxist Literary Group is planning its third Summer Institute to be held at St. Cloud State University, St. Cloud, Minnesota, from June 22 to July 3. For further information, write Jim Kavanagh, English Department, Princeton University, Princeton.

(2) *Radical America* is publishing a special double issue "Facing Reaction" which should be out before this reaches you. If you are not already a subscriber, the editors offer to send you a free sample copy. The address is RA, 38 Union Square, Somerville, MA 02143.

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